

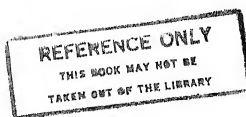
1983

Management and Personnel Office

Review of Personnel Work in the Civil Service

Report to the Prime Minister

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Management and Personnel Office



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Foreword

The Review of Personnel Work was undertaken as part of the Government's 1982 programme of centrally co-ordinated efficiency work in the Civil Service. Nine departments took part. This report sets out the general findings and lessons. It points the way towards better and more cost-effective personnel work in Government departments.

The Prime Minister and I are most grateful to the teams of civil servants who looked in detail at the policies and procedures used both within Government and elsewhere. The resulting recommendations encourage departments to increase the delegation of responsibility for their staff to line managers, and to continue to develop systems which give managers clear objectives and well-defined responsibilities. Many detailed recommendations are made to increase the value of personnel work in support of line managers.

We welcome the report and accept its conclusions as an important contribution to the development of Civil Service personnel policy over the next few years. In consultation with departments and the Civil Service Unions, the Management and Personnel Office will now set priorities for early action to implement them.

GOWRIE
MINISTER OF STATE, PRIVY
COUNCIL OFFICE

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Chapter 1

Introduction

Terms of reference

- 1.1 Last year's centrally co-ordinated efficiency programme included a multi-departmental review of personnel work. Its terms of reference were:
- 'To examine major aspects of personnel work ie staff appraisal and career management, recruitment, redundancy, staff movements and wastage, and selected other personnel activities; to consider the respective roles in such work of line and personnel managers and the effect of relevant national and departmental rules and agreements; and to make recommendations for improving the performance of personnel work by line and personnel managers and so raising the motivation of staff as well as securing the maximum possible cost-effectiveness.'

The study plan is at Annex A.

- 1.2 The following nine departments took part in the review:—
Ministry of Agriculture, Fisheries and Food (MAFF)
HM Customs and Excise
Department of Employment Group (DE Group)
Department of Health and Social Security (DHSS)
Home Office (excluding the Prison Department)
Inland Revenue
Lord Chancellor's Department (LCD)
Property Services Agency (PSA), Department of the Environment
Scottish Office (excluding the Prison Service and staff of the State Hospital, Carstairs)
- Together they cover some 60% of the staff of the non-industrial Civil Service, as shown in Annex B.
- 1.3 The review was co-ordinated by a central team in the Management and Personnel Office (MPO) working under my direction. A full list of central and departmental review team members is at Annex C.
- 1.4 The departmental studies were conducted on scrutiny lines. In particular, the examining teams went to see for themselves what was being done, at what cost, why and with what results. They talked to staff and examined work in the field, held discussions with personnel divisions and analysed relevant statistical and other data. Thanks are due to the many staff concerned for their ready help.

Consultation with outside organisations

- 1.5 An important part of the review involved an examination of the personnel practices followed in outside organisations. The central team established close links with the Institute of Personnel Management (IPM), who ran a full-day's seminar for examining teams. With the assistance of the IPM, they organised a series of visits to Barclay's Bank PLC, Cadbury-Schweppes PLC, Ford Motor Company (UK) Ltd, IBM (UK) Ltd, Standard Telephones and Cables PLC and the London Borough of Lambeth. Individual departmental teams undertook visits to other outside organisations of particular interest and relevance to them. The IPM's help and advice, as well as that provided by the outside organisations concerned and the Institute of Manpower Studies, has been invaluable in informing our recommendations. I am most grateful to them for their time and help.

Liaison with the Trade Union Side

- 1.6 In view of their particularly strong interest in personnel work, the Trade Union Side have been kept closely informed of the progress and results of the review, both at national and departmental level. Although suspicious of the review's purpose and unconvinced of its necessity, they have adopted a constructive approach to it and put forward valuable comments. The evidence submitted by the Council of Civil Service Unions (CCSU) is at Annex D.

- 1.7 The review has involved much hard work and I commend the departmental examining officers for their efforts. Their reports are now with their Ministers who are considering the recommendations in consultation with their senior management and Trade Union Sides.
- 1.8 The purpose of this report is to set out the general findings and lessons which have emerged from the review and to make recommendations aimed at securing more cost-effective personnel work across the Civil Service. The departments participating in the review are mainly large, many with regional organisations, and have a majority of administrative rather than professional staff. The findings reflect these factors. While the underlying principles set out in this report are of general relevance across the Service, their detailed application will need to be tailored to the needs and structure of other organisations with different characteristics.
- 1.9 The total cost of the review was £745,000, excluding the cost of the time of those interviewed.

The cost of the review

Chapter 2

The Personnel Environment

Objectives of personnel work

- 2.1 The main purpose of personnel work is to mobilise the experience, talents and abilities of staff in an organisation to secure the efficient and effective execution of its policy and operational goals. Its objectives can be summarised as being 'to promote the efficient working of the department by making good use of the talents of its staff; by developing the staff to ensure the necessary supply of competent, well-trained, and well-motivated people for the foreseeable future; and by carrying out the duty of the good employer to provide equitable treatment and fair conditions for the individual members of staff' (Lord Chancellor's Department (LCD) report, paragraph 4.1). This is particularly important for the Civil Service, whose direct labour costs account for 70% of the running costs of Central Government.

The cost of personnel work

- 2.2 The cost of personnel work varies widely between departments. It is not possible to make precise costings. Taking the three largest departments in the review, the cost of the personnel work by full time personnel staff was calculated as between 1% and 2% of total running costs of the department. On the same basis, this indicates that the cost of personnel staff in the nine participating departments is between £40m and £80m. Extrapolated across the Civil Service as a whole, this indicates a cost of between £100m and £200m. If account is also taken of line management time spent on personnel work, and the cost of household removals in the public interest, the total percentage is 2–3½% of running costs which is £80m–£140m for the departments in the review and £200m–£350m across the whole service. Further details of these costs are shown in Annex E.
- 2.3 Personnel work must be tailored to the sorts of *people* employed in the organisation, the *business* it is in and the *nature of the organisation*. It must also respond to the *changing environment* within which the organisation exists.

The people

- 2.4 There were 521,700 non-industrial home civil servants on 1 April 1982. About 56% of staff are at the clerical level and below and 95% in the grades below Principal and equivalent level. 48% are women, though women form a much larger proportion of the more junior grades eg 79% of the Clerical Assistant grade but only 9% of Principals.
- 2.5 By far the majority (76%) are employed outside London. Staff in policy divisions in Whitehall account for a tiny proportion – less than 4% – of the total. Less than half of all staff are within the Administration Group. Table 1 at Annex F gives an analysis of the non-industrial Civil Service by grade and main occupational group. There are altogether 12 occupational groups, 28 general service classes and over 2,500 departmental grades. The major categories, those with over 4,000 members, are shown at Table 2 of Annex F.

The businesses

- 2.6 The work done by the Civil Service is very varied, some of it unique and some with counterparts outside. Civil servants are involved in major executive operations, such as the running of prisons or the operation of customs and immigration controls. Many others in regional and local offices throughout the country are engaged on a wide range of activities, including administration of grants and benefits, collection of taxes, servicing of the Courts and providing an employment service. Others are to be found in large centralised clerical operations such as the maintenance of driver and vehicle records and issue of licences at Swansea. Substantial resources are devoted to research and development and to the administration of central government, including support to the Armed Services.

Type of organisation

- 2.7 Although pay, grading and conditions of service are common across the Civil Service, staff are employed by individual departments. These vary greatly in size

and structure. For example, MOD with 110,000 non-industrial employees is more than ten times the size of the LCD with 9,900, which itself is not much less than nine times the size of the Department of Energy with 1,150 staff. Some departments, such as Scottish Office, Welsh Office, Treasury, and the Department of Education and Science are primarily Headquarter organisations, chiefly concerned with supporting Ministers with the formulation and administration of policy. Others, including DHSS, Inland Revenue, Customs and Excise and the DE Group have extensive networks of local and regional offices engaged in direct operational tasks. Another type of organisation is the major central office, such as those of the Department for National Savings at Cowglen, Lytham St Anne's and Durham, or of DHSS at Newcastle and Blackpool, where major computerised activities with extensive clerical support are managed.

The changing scene

- 2.8 The Civil Service is undergoing substantial changes as a result of both internal and external factors, and will continue to do so. These have important implications for our personnel policies and procedures. The most significant are summarised briefly below.
 - (i) *Reduction in the size of the Civil Service*
- 2.9 The Government is committed to good management as a policy in its own right, to shedding inessential tasks and to increasing efficiency. Part of this policy involves substantial reductions in the size of the Civil Service. Between April 1979 and April 1984 the Civil Service will have shrunk by some 102,000 (13.9%). The Service will continue to be subject to tight restraints on its manpower and costs.
- 2.10 This has immediate consequences for personnel activities. With tighter staffing, the appropriate deployment and development of staff talent becomes more critical than hitherto and the unsatisfactory performer more difficult to carry. The Civil Service will have to adopt a resolute approach to the easing out of passengers and this has implications for inefficiency procedures. On the other hand, even for able staff, there will be fewer promotions at longer intervals, and serious blockages are likely at some levels. Our promotion arrangements need to reflect this new climate.
 - (ii) *Increased delegation to line management*
- 2.11 Personnel policies and procedures will need to be consistent with the Government's commitment to greater delegation of authority to the lowest practicable levels of line management. This finds particular expression in the Financial Management Initiative (FMI)* launched in May 1982. Amongst other things, this involves giving managers at all levels a clearer view of their objectives; more authority over the resources allocated to them; and sharper accountability for achieving results. In many respects this review complements the FMI. I have therefore been particularly concerned with the respective responsibilities of central and operational departments and, within departments, of personnel and line managers, so as to maximise the delegation of authority to the latter whilst maintaining the minimum amount of central direction essential for a unified career Civil Service and staff confidence in the fairness and equity of personnel procedures. This has implications right across the personnel field. For example, the staff reporting and appraisal system now needs to be developed to reflect the emphasis on clarifying objectives and on measuring performance on the basis of agreed targets and defined results.
 - (iii) *More interest in vacancies*
- 2.12 The continuing high level of unemployment has resulted in improvements in the Service's ability to recruit and retain staff of the appropriate quality, not only in the Administration Group but also in some specialist disciplines where vacancies

*Financial Management: note by Treasury and MPO in *Efficiency and effectiveness in the Civil Service Cmnd. 8616*, HMSO, 1982, Appendix 3 pp 21-8.

were previously hard to fill. The substantially increased number of candidates for fewer vacancies suggests the need for more flexible and cost-effective recruitment procedures. At the same time, some major difficulties remain, for example in meeting departments' bids for Administration Trainees and such highly specialised staff as Petroleum Engineers.

(iv) *A changing workforce*

- 2.13 This in turn means that increasing numbers of staff are academically well qualified; in 1981, 50% of Executive Officer recruits were graduates. Changing patterns of upbringing, education and recruitment are yielding staff more ready to express views, question authority, seek involvement in the work process and carry more responsibility. I firmly believe that their energies and abilities must be harnessed by a more open and participative style of management giving more opportunity for staff to exercise responsibility in shaping their jobs; this needs to be matched by personnel systems which will give staff more information and allow them greater scope for developing their own careers.

(v) *Good employment practice*

- 2.14 Other significant social changes are taking place. In general staff, both in the Civil Service and in the private sector, are less willing to move around the country than in the past, particularly where both husband and wife have jobs. With women composing nearly half the non-industrial Civil Service, thought has to be given to the particular needs of working wives and mothers. The Government is currently considering the recommendations put forward by a Joint Management/Trade Union Review Group on Women whose report *Equal Opportunities for Women in the Civil Service** was published late last year.
- 2.15 Work on equal opportunities for different ethnic groups is currently being undertaken by the Joint Working Party on Monitoring of Race Relations Policy. In general there will be continuing pressure on the Government to keep in line with good employment practices and to behave in ways consistent with the policies urged on other employees. Amongst other things this will require that all staff, particularly line managers, should be made aware of their responsibilities in relation to the Government's commitment to a policy of equal opportunity and of the general provisions of the legislation concerning disabled people and race and sex discrimination.

(vi) *Merit pay*

- 2.16 For any organisation, pay is a basic factor in recruiting, retaining and motivating staff. With the current emphasis on personal responsibility it is right to look much more carefully at how best to reward good performance – hence the current consideration of merit pay. Its introduction would focus more attention on the achievement of objectives, with implications for the management approach generally and the reporting and appraisal system specifically.

(vii) *Increased professionalism*

- 2.17 A smaller, better managed Civil Service needs to place even more emphasis on professionalism and on the need for staff to acquire the knowledge and skills (particularly management skills) relevant to running the various departmental businesses. This has recently been the subject of an MPO study, *'Civil Service: Management Development in the 1980s'*** , which reviews the central selection, training and career management of staff. It lays emphasis on longer postings and more mandatory training and on departments publicising their career management policies and the respective roles of personnel and line managers and staff. These developments would be reinforced by breaking down boundaries between different groups of staff – for example between the Administration

**Equal opportunities for women in the Civil Service* A report by the Joint Group on Employment Opportunities for Women in the Civil Service, HMSO, 1982.

**Summary available from Central Management Library, Management and Personnel Office.

Group, Scientists and Professional and Technical Staff; moves towards 'unified' grading will make it easier to use the talents of staff to the full.

Outside practice

- 2.18 We were much helped by examining personnel practices outside the Civil Service. Our main findings were:
- (i) line managers outside have much more responsibility and authority for personnel decisions than their counterparts in the Civil Service and are held more accountable for their performance in this respect;
 - (ii) the individual has more scope and responsibility for developing his own career, for example by applying for advertised job vacancies;
 - (iii) the role of personnel staff, who are usually more highly specialist than those in the Civil Service, is principally to provide expert support and advice and some central services to line managers and staff, and to monitor compliance with company-wide personnel policies and procedures;
 - (iv) appointments are as a rule made to specific jobs rather than grades with more emphasis on specialist skills than all-round ability;
 - (v) formal probation is not generally favoured. Where it is used, it is for shorter periods than in the Civil Service;
 - (vi) the staff appraisal system places more emphasis on performance in the job, often in relation to pre-set targets or objectives. Report forms are simpler and shorter and usually completely open to the individual;
 - (vii) the inefficient are dealt with more quickly, in ways which nevertheless meet the requirements of employment protection legislation and provide essential safeguards for the individual.
- 2.19 These findings are set out more fully in Annex G.

Conclusions

- 2.20 In putting forward the recommendations in the following chapters, therefore, I have paid particular regard to
- (i) the purpose of personnel work (paragraph 2.1)
 - (ii) the fact that departments employ different people in different ways to do different jobs (paragraphs 2.4–2.7)
 - (iii) the wider context and related initiatives (paragraphs 2.8–2.17)
 - (iv) relevant outside practice (paragraph 2.18).
- 2.21 Throughout I have borne in mind that much of our personnel management is of high quality and is carried out by many highly-motivated and hard-working staff. I would not like this important point to be obscured by the following chapters, which inevitably focus mainly on shortcomings in present arrangements and how they can be put right.

Background

- 3.1 Under the Civil Service Order in Council 1982 and the Civil Service General Regulations 1983 all permanent appointments to the Civil Service are required to be made *on merit by means of open competition*. Recruitment at Executive Officer level and above is undertaken on behalf of departments by the Civil Service Commission. On 1 January 1983, all day-to-day responsibility for the recruitment of grades up to Clerical Officer and equivalent was transferred from the Civil Service Commission to departments, subject to central prescription and guidance. For example, minimum educational qualifications, health and nationality requirements and the method of sifting applications are prescribed; collective inter-departmental arrangements to recruit clerical staff are commended.
- 3.2 Thus, the Centre has a dual role in recruitment:
 - (i) laying down policy and the standards and procedures essential to its implementation;
 - (ii) acting as the agent of other departments in recruiting to the more senior grades.

The principles of recruitment

- 3.3 Like the review teams, I believe that, as accountable public bodies, both the Civil Service Commission and government departments should ensure in their selection procedures:
 - (i) fairness to candidates and the public at large;
 - (ii) the identification and selection of good quality recruits to a career Civil Service;
 - (iii) maximum cost-effectiveness.

But I am impressed by the evidence that in some respects too stringent an interpretation of the principle of fair and open competition has led to lengthy, cumbersome and costly recruitment arrangements. There seems to me room for greater flexibility in procedures and there may possibly, in the longer term, be grounds for some further delegation of authority to departments without weakening the fundamental principles. The scope for these needs to be considered separately for recruitment undertaken by departments and that done by the Commission.

Departmental recruitment

- 3.4 On 1 January, departments became wholly responsible for local recruitment (some 90% of initial appointments to the Civil Service, predominantly at clerical level) within guidelines laid down by the MPO on behalf of the Minister for the Civil Service. The review teams' findings raised two main issues: how should the recruitment be done; and who should do it?
- 3.5 On the first, until recently the Commission required departments, in the interests of fair and open competition, to advertise all vacancies in the press. Given the current employment situation, departments faced serious problems of workload and cost in handling excessive numbers of applications. For example, MAFF received 593 applications for one labourer's job and Inland Revenue 1,330 for 29 clerical vacancies. As a result, departments were forced to resort to various devices to reduce or sift the applications, such as rejecting ones with crossings out or not completed in the prescribed black ink.
- 3.6 Departments are now allowed experimentally to use Jobcentres without supplementary advertising. Nonetheless, teams fear that the requirement to display a recruitment notice for a minimum period (currently five days) may still lead to substantial over-subscription. A number of them therefore recommend more flexible arrangements to balance openness with cost-effectiveness, for example removing the vacancy notice once a certain number of applications has been received (as is already happening in one or two places) or relying solely on

the Register of Job-seekers. As the DE report argues, 'it is not demonstrably more fair to encourage impractically large numbers to apply for jobs by continuing to display all advertisements long after an adequate number of applications has been received'. Such new provisions should lead to lower costs. For example the DE report estimates that one advertised collective scheme cost just over £100 for each clerical recruit, compared with about £70 had they been allowed to rely on a Jobcentre and consider only three applicants for each vacancy.

- 3.7 I would expect the use of a Jobcentre to reduce substantially the length of time taken to recruit. But there is little factual evidence to hand about the outcome of the newly introduced arrangements, which are in any case to be reviewed this September. However, I do consider that greater flexibility should be possible. ***I therefore recommend that, as an experimental measure, departments have authority forthwith to have the vacancy notice removed after five days or once a specified minimum ratio of qualified applicants for each vacancy has been achieved, whichever is the less.*** Experience of the experiment should be considered during the review in September to see whether these provisions should be made permanent. If this review also shows that other relaxations are possible, within the spirit of the principle of fair and open competition, they should be favourably considered. I do not, however, favour selecting potential recruits solely from the Register of Job-seekers, since many applicants, including some of the most suitable, are unlikely to register under the recently introduced voluntary registration arrangements.
- 3.8 There remains the question of who should undertake local recruitment. Under the collective schemes commended by the MPO for operation outside the London area, one department (usually the major employer) takes the lead in organising recruitment on behalf of all the others in the area and bears almost all the cost. There is no system of repayment by other participating departments. Such arrangements have been favoured in the past to reduce costs; to prevent inter-departmental competition and multiple applications by individuals; and to help uphold Service-wide standards of entry.
- 3.9 A number of teams found problems arising from these schemes. One was delay. For example, both LCD and DHSS found that co-ordinated clerical recruitment took twice as long as that by individual offices (more than three months compared with seven weeks). Another was suitability, with suggestions that the recruits selected had occasionally been unsuited to the work of some of the participating departments.
- 3.10 The flexibility afforded by the use of Jobcentres removes much of the justification for co-ordinated recruitment. In the light of this, and of the problems mentioned above, several teams, including the largest (DHSS, Inland Revenue and DE), recommend that their departments withdraw from the collective arrangements and undertake their own local recruitment. DHSS are already experimenting with this in two of their regions. This experiment is now being reviewed by the MPO and DHSS and the results are about to be reported to departments generally. Provided these show that the needs of small departments can be satisfactorily met, ***I endorse the teams' proposals.*** But where, for reasons of convenience and cost-effectiveness, departments elect to continue with such schemes in particular areas, ***I recommend they operate on a basis of repayment for the recruitment service provided*** to encourage cost-consciousness and responsiveness to customer needs.
- 3.11 The DHSS, Inland Revenue and DE teams also recommend that their local line managers should be more involved in the recruitment process and have the final voice in the decisions. This would strengthen their responsibility for, and authority over, the resources under their control, as well as sharpening their accountability for their operational efficiency. There are clearly limits to how far this process can go and sensible safeguards will be needed to ensure fairness, maintain standards and provide for cost-effective arrangements. But, particularly in the context of the FMI, I believe that the thrust is in the right

direction. The DHSS experiment referred to above includes delegating responsibility for clerical recruitment to certain local office managers. This will throw light on the practical issues to be resolved, including the training of local managers to take on this important new task. ***I therefore recommend that departments pursue cost-effective ways of involving their local line managers, with the support and advice of personnel staff, more closely and decisively in the process of local recruitment,*** within the principle of fair and open competition and taking account of the results of the DHSS experiment.

- 3.12 Departments are still adjusting to the implications of the Commission's withdrawal from the local recruitment area. My recommendations above will involve further changes. Local recruitment will be at a critical stage. Without effective control there is a danger of things going wrong, for example in the erosion of Service-wide standards or failure properly to uphold the principle of fair and open competition. Whilst one feature of the FMI is the move towards greater delegation and the clear assignment of accountability, another is towards cost-effectiveness and the proper monitoring of delegated authority. Moreover, responsibility now rests with departments to apply complicated nationality rules and decide questions of medical fitness. ***I therefore recommend that, where they have not already done so, departments set up appropriate arrangements to monitor and evaluate their local recruitment processes to ensure that the basic principles, including the avoidance of any discrimination, continue to be observed and that their procedures work properly and are cost-effective.***
- 3.13 There is also an important role here for the MPO. It will continue to be responsible for prescribing local recruitment policy and the essential framework of requirements which should govern the standards and procedures to be observed. The MPO plans to retain a small capacity to ensure that its recruitment requirements and advice are adjusted in the light of experience. But this does not amount to, and is not intended as, a continuous monitoring operation. It will be very important to ensure that departmental recruitment is being carried out to an adequate standard and cost-effectively. ***I therefore recommend that the MPO, in consultation with departments, carries out a thorough review of local recruitment arrangements by the end of 1985 to ensure that they are working effectively in practice.***
- 3.14 At present, all direct entrant EOs are recruited by the Civil Service Commission. About 2,150 were appointed last year. They are allocated in accordance with departmental bids and, as far as possible, with their own preference for a particular location and department.
- 3.15 Review teams found that, whilst there were complaints about the delay in making EO appointments, most departments were generally satisfied with the quality of recruits provided and favoured continued recruitment of EOs by the Civil Service Commission. However two teams, those from the Inland Revenue and DHSS (who cover over 40% of total Administration Group and related staff), recommended that their departments should recruit their own EOs, as did DE if specified improvements in the Commission's arrangements were not forthcoming. The main advantages put forward were:
 - (i) more accountability for the department which, as the employer, is responsible for the deployment, development and promotion of its staff;
 - (ii) securing recruits better suited to the department's particular operational needs;
 - (iii) speedier appointments;
 - (iv) reduced recruitment costs.
- 3.16 The first of these advantages has particular weight, since it accords with wider moves, particularly in the context of the FMI, to sharpen and clarify departmental accountability. This is especially important in the case of departments like DHSS and Inland Revenue which are responsible for running some of the biggest businesses in the country.

Commission
recruitment
Executive Officers
(EOs)



- 3.17 But there are substantial arguments of cost and practicality pointing the other way, as follows:
- (i) departments are only now adjusting to their new responsibilities for local recruitment, and my earlier recommendations will add significantly to these. There is a question of whether departments could cope if they took over EO recruitment at the same time;
 - (ii) in recruiting EOs, we are selecting candidates from a national as well as local markets, and as much for their potential as for their ability to do an immediate job. Maintaining the standard of recruits is therefore of considerable importance. A written qualification test is essential, and its design requires considerable expertise. Replicating the necessary expertise and the administrative arrangements for the tests to be taken and marked would take a long time and cost a great deal;
 - (iii) extra costs would arise from competition between departments operating in the same market. There is no clear evidence that any one given department could recruit EOs at a lower unit cost than the Commission. The *overall* number of applications for EO vacancies if several departments did so would be bound to rise very substantially and, given the need to consider and sift them equally, the overall costs would rise similarly;
 - (iv) uncertainty and difficulties would be created for candidates who would have to make multiple applications and go through duplicated selection processes. This would, I believe, present a highly unsatisfactory spectacle which would rightly be criticised by both the public and candidates alike;
 - (v) the flexibility afforded by the present centralised arrangements in allocating recruits from those departments with a surplus to those which are under-subscribed would be lost. Experience shows that most recruits are more interested in an EO job, preferably in the locality of their choice, than in working in particular departments.
- 3.18 I consider these practical objections to be decisive at the present time. Certainly there can be no guarantee that, taking the Civil Service as a whole, the situation would be improved by some combination of departmental and central EO recruitment. ***I therefore recommend that direct entrant EO recruitment should continue to be undertaken centrally by the Civil Service Commission.***
- 3.19 It is clear however that the present arrangements must be improved. The disquiet voiced in a number of the teams' reports, particularly about quality and delay, is a cause for concern. Two kinds of change are needed.
- 3.20 The first concerns the Commission's procedures. The Commission already has in hand a number of measures:
- (i) a continuous scheme of recruitment from 1984; this will help to smooth out peak loads and enable the Commission to respond more quickly and flexibly to fluctuations in the level of demand or in the flow of applicants;
 - (ii) the elimination at the same time of one early stage (the need to complete Information Sheets, which are a truncated version of the full application form) in the process;
 - (iii) encouraging the freer use by departments, in appropriate circumstances, of conditional appointments as a means of reducing delay;
 - (iv) more regular and systematic liaison with major customer departments to ensure that problems are identified and corrective action taken;
 - (v) use of the Recruitment Research Unit's analysis of the job and personnel specification data supplied by departments to determine in consultation with departments whether present selection criteria require modification, and whether a single 'monolithic' scheme of EO recruitment remains the most appropriate method of providing direct entrants for the wide range of executive work they have to do.

- 3.21 These are welcome steps in the right direction, and further improvements may result from the review of administrative support and the scrutiny of the Commission planned for later this year.
- 3.22 The second area where change is needed relates to accountability. Part of the present difficulty arises from the fact that the respective responsibilities and accountabilities of the Commission and of customer departments for securing EO recruits of the right quality and without undue delay are unclear and diffused. There is a tendency for each to blame the other if something goes wrong. Many complaints appear to stem from an inadequate understanding of the practical constraints under which each party has to operate.
- 3.23 These respective accountabilities therefore need to be sharpened and clarified. I consider that this can best be done in three ways:
- (i) laying down formally the standards of service to be met. EO recruitment is a joint enterprise which, to be effective, requires co-operation between the Commission and departments. A formal concordat, to be agreed between them, would specify their respective responsibilities for such matters as accurate and timely forecasting of requirements, meeting the timetable, convenience to candidates and the final decision. The Commission and departments would then be accountable for meeting their respective standards of performance;
 - (ii) the introduction of repayment by departments for recruitment by the Commission. This would encourage a greater responsiveness to needs, including the costs of meeting them, by all the parties involved. It is also right that, wherever possible, agency services, such as recruitment, should be provided on repayment;
 - (iii) involving departments more closely in the final selection of candidates, for example by having more serving departmental representatives on interview boards. This will be effective only if departments are prepared to play their part.
- 3.24 ***I recommend acceptance in principle of the introduction of such arrangements.*** But it will take time to work out the practical details. The scrutiny of the Commission provides a good opportunity for making early progress. ***I further recommend therefore, that the scrutiny officer should work up specific proposals on the nature of the proposed concordat; how repayment can best be introduced; and how best to involve departments more closely in selection decisions.***
- 3.25 Recruitment to the Civil Service is of profound importance to the public. As with local recruitment, therefore, ***I recommend that there be a thorough review of these revised arrangements by the end of 1985.*** If it proves then that centralised EO recruitment is still not working entirely satisfactorily, I believe that there will be a strong case for experimenting with its delegation to individual departments.
- 3.26 Departments are responsible for the recruitment of Professional and Technology Officers, Grades IV and III (EO equivalent). The Commission undertakes recruitment of most other specialist staff, and the arrangements, at least for the Science and P & T Groups, appear to work reasonably satisfactorily on the whole. But some review teams recommend that departments should be able to act independently in recruiting certain specialists (for example, the LCD should recruit its own lawyers, DHSS its own doctors, nurses and social workers, etc.). Care must be taken, however, that the appropriate standards are maintained; it would be inconsistent to want to make the most senior posts in the Service accessible to both generalists and specialists if departmental recruitment were to produce a substantially different product from the Commission.
- 3.27 Departments are already more closely involved in the recruitment of specialist staff than in that of EOs. This is particularly appropriate where the Commission recruit certain types of specialists on behalf of a single department, as is often the case. Given this, and the need to maintain consistency of standards, I am not

Specialist staff

persuaded that there is pressing need for a fundamental change in the arrangements. But it would be in tune with my earlier proposals if the concordat of service between the Commission and departments and the principle of repayment were to be extended to cover specialist recruitment, and ***I so recommend.***

Civil Service Selection Board (CSSB) 3.28 None of the teams looked at the recruitment by CSSB. A separate review has in any case just been completed by Sir Alec Atkinson,* and his recommendations are currently under consideration. I have no separate recommendations to make in this area.

Recommendations 3.29 I recommend that:—

- (i) as an experimental measure, departments should be allowed greater flexibility in operating local recruitment, including having vacancy notices removed once a specified minimum ratio of qualified applicants for each vacancy has been achieved. The outcome should be reviewed in September 1983;
- (ii) departments should undertake their own local recruitment where they wish to do so, provided that the needs of small departments can be satisfactorily met;
- (iii) where departments elect to continue with collective schemes, they should operate on a basis of repayment;
- (iv) departments should pursue cost-effective ways of involving their local line managers, with the support and advice of personnel staff, more closely and decisively in the process of local recruitment;
- (v) departments should set up appropriate arrangements, where they have not already done so, to monitor and evaluate their local recruitment processes;
- (vi) the MPO, in consultation with departments, should carry out a thorough review of local recruitment arrangements by the end of 1985;
- (vii) direct entrant EO recruitment should continue to be undertaken centrally by the Civil Service Commission;
- (viii) the Commission should press ahead with its plans to improve the quality and speed of EO recruitment, including a continuous scheme of recruitment from 1984;
- (ix) specific proposals for the introduction of a recruitment concordat between the Commission and departments, for repayment and for ways of involving departments more closely in selection decisions for EO recruitment should be worked up during the scrutiny of the Commission;
- (x) there should be a thorough review of the revised arrangements for EO recruitment by the end of 1985;
- (xi) specialist recruitment by the Commission should continue to be undertaken centrally but should be covered by arrangements similar to those for EO recruitment.

**Selection of fast-stream graduate entrants to the Home Civil Service, The Diplomatic Service and the Tax Inspectorate; and of candidates from within the Service.* Report by Sir Alec Atkinson, MPO, 1983.

Chapter 4

Probation

Background

- 4.1 All new entrants to the Civil Service are required to serve a period of trial or probation. The primary purpose is to assess suitability for permanent appointment and to lay the foundation for effective career management.
- 4.2 Grades of EO equivalent and above serve a period of 2 years; CO equivalent and below one year. Actual procedures vary between and within departments. Unlike civil servants prematurely retired on grounds of inefficiency (see 8.17), those dismissed for failing probation do not receive any compensation.

Teams' findings

- 4.3 Most departments require two or three reports within the probation period on all recruits, regardless of standard of performance; this results in a considerable flow of paper between line and personnel managers. As an example of scale, in the Inland Revenue only 400 out of 45,000 recruits over a five-year period did not satisfactorily complete probation on grounds of unsatisfactory performance but full and frequent reports were still required on the other 99%. Yet teams have doubts about the efficacy of the system in improving or assessing performance. In LCD, although only 1.6% of new recruits formally failed probation, apparently a further 13% left within two years of appointment because of poor performance.
- 4.4 Central guidance requires that to be confirmed in appointment, a recruit must be capable of performing the duties of the post or grade satisfactorily. Teams find that management and staff alike need clearer guidance on the standard of performance to be expected of new recruits.
- 4.5 The control of probation procedures usually rests with personnel divisions. Although remote from first-hand knowledge of the recruit's performance, they normally take the decision on confirmation of appointment. Yet the MAFF team finds that cases are most speedily resolved when line managers play a positive role.
- 4.6 All teams endorse the view that special attention should be paid to developing and testing new recruits. A few see no need for formal probation and favour its abolition but the majority recommend that it be retained but made to work more effectively by limiting the period to one year, simplifying the procedures and placing on line management the prime responsibility for the development of and decisions on new recruits.

Conclusions

- 4.7 In framing my recommendations on probation, I have considered not only the examining teams' findings and views but also the evidence from the IPM that many good outside employers tend not to use formal probation systems but rather to rely on the general responsibility of managers to develop new recruits and on normal inefficiency procedures where necessary.
- 4.8 I have no doubt that, whatever system is adopted, the **primary emphasis should be on giving all new recruits special attention and encouragement and on identifying in good time those who are not likely to make the grade.** Line management's responsibility for this intensive development and appraisal should be strengthened.
- 4.9 I am also persuaded that there should be **fewer and more flexible formal procedures.** As the DE team says: 'It is more important for managers to spend their time guiding and encouraging satisfactory performers with the minimum of formal reporting, and, if problems do develop, dealing with them at the earliest opportunity' than to engage in the present paper chase. The burden of universal reporting is heavy without necessarily being effective. There is moreover some evidence that a fixed timetable for reports discourages managers from dealing with problems as they arise.

- 4.10 The question is whether it is necessary to prescribe for the Civil Service as a whole a formal probation system. Departmental senior managers and the Trade Union Side have argued for the retention of probation on the grounds that it makes clear to new recruits that satisfactory standards of performance have to be achieved and reinforces managers' responsibility to pay particular attention to their needs and abilities. It may not be appropriate to remove the formal framework at a time when we are seeking to transfer more responsibility to line management. On balance, therefore, ***I recommend that new entrants should continue to serve a period of probation or trial but that this period should be limited to one year***, save in special circumstances of the Administration Trainee and other trainee schemes (eg Cadet Valuers) where two years remains appropriate. Substantive decisions on appointment should generally be taken within this period; it benefits neither the Civil Service nor the individual unduly to prolong the period of trial.
- 4.11 ***I further recommend that probationers should be required to demonstrate a capacity to reach a good rather than a fair standard of performance to merit confirmation of appointment.***
- 4.12 ***Specific procedures should be for departmental determination and should concentrate on making line management responsible for the development and appraisal of new recruits with minimal formal reporting.*** The important thing is to move away from extensive blanket reporting on all recruits. For example, managers might be required to discuss progress with new entrants at regular intervals and to make a brief record but, in the case of satisfactory performance, to complete a full staff report only towards the end of the probation period. Only where progress seemed unsatisfactory would a full programme of warnings and formal reports be needed. This should serve to encourage rather than threaten the vast majority of recruits who prove satisfactory and to free management from routine reporting for the task of the development of staff on the job.
- 4.13 Finally, I believe that, special trainee schemes apart, ***authority for taking decisions on confirmation of appointment should lie with line management at a level appropriate to the grade of the officer concerned and to the nature of the organisation.*** Nonetheless personnel staff should always be involved; in particular they should be alerted as soon as there is any doubt about confirmation of appointment. As a matter of practicality it is the line manager who is best placed to assist that individual and to make an assessment of his or her ability and potential. And as a matter of principle, I believe that where the line manager bears the responsibility for assessment and development, he should also bear the responsibility for the decision. The main function of personnel is to provide expert advice but their involvement should also serve to mitigate any divergence of standards and to provide a safeguard against inequities. Personnel managers should however continue to be responsible for framing advice on the suitability for appointment of Administration Trainees and other trainees recruited in special schemes.

Recommendations

- 4.14 I therefore recommend that:
- (i) new entrants should continue to serve a period of probation or trial, limited to one year for all grades except Administration and other Trainees for whom a two-year probation remains appropriate;
 - (ii) the primary emphasis of probation should be on the positive development and encouragement of recruits and on identifying in good time those who are not likely to make the grade;
 - (iii) probationers should demonstrate a capacity to reach a good rather than a fair standard of performance to merit confirmation of appointment;
 - (iv) specific probation procedures should be for departmental determination and should concentrate on making line management responsible for the development and appraisal of new recruits with minimal formal reporting. Streamlining might include requiring extensive reporting only in cases of unsatisfactory progress;

- (v) authority for taking decisions on confirmation of appointment, except in the case of Administration and other Trainees, should lie with line management at an appropriate level; personnel staff should always be involved.

Chapter 5

Staff Appraisal

Background

- 5.1 All departments operate a system of written annual reports for non-industrial staff up to and including Assistant Secretary level.
- 5.2 The intention is to provide a uniform and fair basis for the assessment and management of performance, promotion and career development. There are only minor departmental variations on two, standard Service-wide report forms which are usually completed by the immediate line manager and by his manager. An interdepartmental working party has recently been examining the reporting system.
- 5.3 Job Appraisal Reviews (JARs) are interviews which give staff the opportunity to discuss with their line managers their performance during the past year and to plan for the year ahead. Practice on JARs varies between departments. The central guidance has been that they should normally be carried out annually by the line manager's manager.

Teams' findings

- 5.4 Major findings are as follows:
 - (i) the standard report forms are too elaborate and costly of management time for the use made of them
 - (ii) they are geared more to promotability than to assessing current performance in the job
 - (iii) there is too little emphasis on assessing management ability and actual achievements
 - (iv) reporting standards are poor in some but not all departments
 - (v) staff want more feedback about their performance

The report form and its use

- 5.5 The standard form for grades CO-AS, Staff Report Form A, covers eight pages; a copy is attached at Annex H1. Estimates of time taken to complete it vary but three to five hours is common. Several teams suggest an average unit cost of around £70. (The actual cost to departments may have been lower since many managers complete the reports at home). At the same time, the PSA team suggests that 'much of the highly detailed material in the annual assessments (is) not used positively - either by line managers or within the (personnel) organisation'. There is also evidence that many reports are filed away without any significant action. An Inland Revenue sample identified some 25-30% treated in this way. Line managers generally have no access to past reports on their staff, which are seen as being for personnel division's purposes primarily in considering career management and promotion. There is general support for the Home Office team's finding that 'the Annual Staff Report is perceived by very many staff *primarily* as a vehicle for assessing promotability and only secondarily as a means of identifying strengths and weaknesses in performance'. Yet in any one year only a small fraction of the number of people in a grade will be promoted (see paragraph 7.9).
- 5.6 While Staff Report Form A gives some opportunity for reporting officers to comment on achievements in the job and managerial skills, there is room for the design to be improved to avoid excessive attention being paid to those parts of the form which deal with personal qualities (foresight, penetration, judgement, reliability etc.).

Reporting standards

- 5.7 Several teams complain of overmarking in assessments of overall performance and promotability. Poor standards are particularly prevalent in small or atypical units. A high percentage of staff are graded outstanding or very good for performance. For example, in LCD nearly half of all staff are rated *very good* (box 2 on a scale of 1 (high) to 6 (low)); 67% of SEOs are so marked.

Management there, and in other departments, regards this proportion of high ratings as unjustified.

- 5.8 Promotability marks are widely regarded as unrealistically high. In Customs and Excise nearly one third of all HEOs and SEOs are marked well-fitted for promotion (the highest category). DHSS interview promotion boards find fitted for promotion less than half of those recommended by line management. But there are exceptions. Both in MAFF, where managers meet to discuss promotability markings collectively, and in Inland Revenue, where there is widespread use of paper boards for promotion, the review teams conclude that the spread of gradings is reasonable. In MAFF, for example, only 5% of staff are marked well-fitted; this is regarded as a realistic proportion.

Feedback on performance

- 5.9 At present staff may ask to be told their overall performance and promotability markings; recorded rates of take-up vary. In DE over 80% of staff make such a request, in DHSS only 15% (though it is possible that managers give more information informally). They may not *see* the report in its entirety though managers have discretion to *tell* them of all the contents except the long term potential markings. During the course of the review, staff in all departments expressed a strong desire for open reports and to know more clearly where they stand. The Home Office team comments that the present arrangements 'offer the worst of both worlds: limited disclosure opens the way to erosion of standards but fails, unless the interviewing officer is unusually skilled and thorough, to ensure that the officer being reported on has a comprehensive picture of his strengths and weaknesses'.
- 5.10 JAR interviews, where undertaken, offer formal opportunities to discuss performance. The principles of openness underlying the system are commended and staff are generally reported as welcoming them. But practice varies and teams conclude that it often does not achieve its objectives, as indicated in the Home Office comment above.

Conclusions

- 5.11 I endorse the general view that ***a written appraisal report should continue to be made on all staff annually*** in order to provide a framework for discussion of performance between an individual and his manager as well as to supply information to assist with personnel activities such as posting, meeting training needs, the identification of special talent and promotion decisions.
- 5.12 The question then arises of whether a uniform Service-wide appraisal system is necessary or desirable. The present agreement on two standard report forms was reached in the early 1970s in a move away from the previous use of a Treasury model form with departmental variations. It seems clear from the findings set out above that in practice it has not proved wholly satisfactory, not least because it has led to unnecessary elaboration. As the DHSS team argues, 'the need to cover *all* departments' interests . . . almost certainly produce(s) a longer and more complex form'. Use of standard forms aims to provide a common standard of reference which is thought to be helpful in running centrally administered schemes like Flexible Premature Retirement, in staff movements between departments particularly at times of machinery of government changes and, potentially, in any future merit pay scheme based on annual staff reports. But this theoretical usefulness is impaired by extremely wide departmental variations in reporting standards. Nor do I accept that common report forms are essential to inter-departmental transfers, of which there are comparatively few. These considerations are to my mind better served by honest and accurate reporting within a system tailored to the organisation's needs than by the imposition of a uniform system of appraisal if this can be demonstrated to be too rigid to meet the needs of different organisations.
- 5.13 Given these findings and the Government's commitment to greater delegation of authority, it seems right that departments should have greater freedom than in recent years to devise their own systems. There are however certain fundamental elements which can be demonstrated from experience within the Service and

outside to be desirable features of any effective appraisal system. ***I therefore recommend that we should adopt a flexible approach under which the MPO should lay down a minimum of general principles of appraisal but should leave departments free to frame systems and forms appropriate to their own particular organisation. These might vary according to need, even within departments,*** for example between policy and executive work. The MPO would be responsible for providing guidance on good practice, and for giving expert advice on form design, supplemented by specimen model forms including those for centrally managed groups. The result should be simplified, more effective systems for which departments would be directly accountable. Under these arrangements, the format of the report itself would be for departmental decision but I strongly commend to them the advantages of adopting a more streamlined approach.

- 5.14 In determining the general principles, the MPO should take full account of departmental views (which would appropriately be provided by the Reporting System Working Party (RSWP) and the Establishment Officers' Meeting (EOM) consultation machinery) and of the recommendations set out below.
- 5.15 As a matter of principle, ***I recommend that there should be a shift of emphasis in appraisal from promotability to present job performance.*** Whilst the assessment of potential will still need to be made at appropriate intervals, the primary need within the Civil Service at present is for a mechanism to assess and improve actual standards of individual performance. I therefore commend to departments the proposals of some review teams for greater separation of reports on performance and on promotion potential (to be achieved either by two distinct forms or by a two-part form). This would focus attention on actual performance and could help improve reporting standards by breaking the link between good performance in one grade and being thought fitted for promotion to the next. ***Performance reports should be completed annually, promotion reports at the department's discretion. I also recommend that every report form should include a scale rating for overall performance with a clear line below which performance is regarded as unsatisfactory.***
- 5.16 ***Furthermore performance should be assessed against an agreed job definition including, where possible, objectives or targets agreed at the outset of the year.*** This will complement the setting of objectives within management units inherent in the new financial management systems. As the Inland Revenue team points out, there can be difficulties in setting 'meaningful targets and objectives . . . (which) must be specific and quantifiable so that results can, as far as possible, be measurable'. In particular the task will not be easy in relation to the minority of staff in policy divisions. But defining jobs and setting targets prospectively in this way would give staff a clearer picture of what was expected of them and provide management with clearer criteria for assessing performance. To the same end, ***the report form itself should focus more on achievements, such as quality or quantity of output, which are capable of improvement, and less on personal qualities and traits which are usually not.***
- 5.17 The current report form, with its coverage of potential as well as performance and its emphasis on personal characteristics, does not lend itself to openness. However implementation of the recommendations above will result in a rather different appraisal system directed to improving performance in the job. The logical extension of this approach is that *performance reports* (but *not* promotion reports) should be open to the job-holder to see. I am aware that open reporting is a contentious issue and that some managers fear that it will lead to even greater erosion of reporting standards. But the experience of outside organisations, where open reporting on performance is common (see Annex G paragraph 9), suggests that it is practicable and can lead to more effective and constructive counselling sessions. Such sessions will always need to be undertaken with skill and care but should be easier to conduct when the focus of the report is on actual performance rather than on individual personality traits. I am reinforced in my view by the strength of recommendations from the departmental teams for a

substantially greater degree of openness. I endorse the Scottish Office team's comment that 'in the communication which we wish to see developing between staff and their line managers, there is need to ensure that there are no hindrances to an open and constructive relationship'. ***I therefore recommend that performance reports should be fully open and job-holders given the opportunity to add their own comments to them in writing where they wish to do so.*** Attached at Annex H2 is a rough illustration of a performance appraisal form which observes my recommended principles.

- 5.18 The performance report would then naturally form the basis of an interview to discuss past performance and agree work plans and objectives for the next year. The outcome of the interview would be summarised on the report form. This would subsume and reinforce the present JAR system and simplify the paper work. In general I envisage this interview taking place between the job-holder and the immediate line manager rather than the countersigning officer since its primary focus is discussion of day to day performance, of developmental and training needs and of future job objectives. This arrangement is already current practice in most parts of the DE Group. Staff should continue to retain access on request to the countersigning officer but routine interviews at this level would not be necessary where the reporting officer had already carried out an appraisal interview, particularly since ***I do not propose any further degree of openness in relation to the promotion and longer-term potential parts of the appraisal system.*** Staff would as now be entitled to disclosure of their promotability marking (see paragraph 7.12).
- 5.19 Poor reporting standards are a matter for departmental action and are already being tackled following recommendations by the Reporting System Working Party to the Establishment Officers' Meeting in December 1982. The RSWP and review teams agree that mechanistic solutions such as forced distributions of markings are not advisable. Consultation meetings, as in MAFF, may be helpful though costly. Senior line management are best placed to assess and improve standards of reporting and counselling by their managers; monitoring and feedback of information from personnel divisions and promotion boards should assist them in this task. They should arrange, wherever necessary, for managers to be given additional training in completing the new report forms and particularly in handling appraisal interviews, which requires skill and sensitivity. This will require a commitment of resources which will be heavier in departments where EOs, as first-level management, have not previously conducted appraisal interviews.

Recommendations

- 5.20 In summary, I recommend that:
- (i) written appraisal reports should continue to be made annually on all staff;
 - (ii) departments should have discretion to determine the details of their own appraisal systems and forms within a centrally-prescribed framework of general principles;
 - (iii) the MPO should take responsibility for establishing those fundamental principles after consultation with departments; for providing guidance on good practice; and for giving expert advice on form design, supplemented by specimen model forms including those for the centrally managed groups;
 - (iv) the primary emphasis of the annual appraisal form should be on performance in the present job; this would be assisted by greater separation of assessments of performance and of potential;
 - (v) every performance report form should include a scale rating for overall performance with a clear line below which performance is regarded as unsatisfactory;
 - (vi) performance should be assessed against an agreed job definition including, wherever possible, targets agreed at the outset of the year. The form should

focus more on actual achievements on the job and less on personal qualities and traits;

- (vii) performance reports – but not promotion reports – should be completely open, with space for the individual's comments as required, and should form the basis of an appraisal interview, usually with the immediate line manager.
- (viii) there should be no further degree of openness in relation to the promotion and longer-term potential parts of the appraisal system; staff would, as now, be entitled to disclosure of their promotability marking.

Background

- 6.1 The purpose of career management is to ensure an adequate supply of experienced and capable staff to meet the department's immediate and future needs, including those requiring special expertise. Formal succession planning is required for senior posts. Periodic Career Development Interviews (CDIs) given to staff by trained personnel are intended to facilitate the most effective use of individual ability and the development of potential.
- 6.2 Staff are moved from post to post, generally within a single department, to meet management needs and to widen experience. A mobility obligation is a condition of service for certain grades, primarily EO level and above. In theory they may be transferred to any Civil Service post in the UK and abroad. Certain posts are trawled in all departments known to employ staff eligible to apply.
- 6.3 A recent MPO study, '*Civil Service: Management Development in the 1980s*', made important recommendations about the central selection, training and career management of staff.

Teams' findings

- 6.4 In the main, the review teams focus on arrangements in the Administration Group where they find little evidence of carefully planned career development for all. In general well-developed systems exist only for Administration Trainees and HEODs and for those covered by the succession planning arrangements for senior posts. The absence of departmental policy guidelines and career profiles means that most career development officers are working in a vacuum. As the LCD report says, 'the key problem with career development is that the department does not possess any models or profiles of the kind of career progressions which staff ought to follow if they hope to become suited for higher posts. In consequence postings seem to relate very much to short term needs.'
- 6.5 Automatic CDIs for all staff on a rolling programme are regarded as 'largely ineffectual'. The Home Office team comments that 'external factors render almost all planning of staff movements subject to constant disruption . . . The CDI may be positively damaging in its effect'. Delay in being interviewed and the lack of practical result can lead to disillusionment and restlessness. The CDI may raise expectations which, particularly in the light of shrinking promotion opportunities, cannot be met. Staff interviewed generally appear to have little confidence in the CDI system although they tend to think more highly of it in departments where career paths are already well defined. There is a considerable cost to undertaking CDIs: the Inland Revenue team estimates an average cost of £110 per interview.
- 6.6 Most teams recommend that routine programmes of CDIs should be abandoned though staff would still have access to senior line management or personnel on request. Formal career development arrangements should (they recommend) be concentrated on selected targets; key targets should be determined departmentally but are likely to include candidates for posts in the succession plan and for other crucial posts in the organisation (eg finance and ADP), the most able of new entrants, particularly at EO level, and staff of exceptional potential above EO.
- 6.7 The majority of teams recommend that, in the Administration Group, line managers' responsibility for advising staff, particularly at junior levels, on career development needs and opportunities should be substantially enhanced. Line managers of professional staff are already closely involved in the career counselling of their staff; teams consider that all managers should be held accountable for their performance in this area. To undertake the task successfully, they will require better information on departmental objectives and procedures from personnel divisions. The specific allocation of duties and authority between line and personnel should be carefully defined. Some

departmental teams favour giving line managers ultimate authority for selecting, deploying and developing staff, at least at junior level. Others give personnel managers the deciding voice. The position will vary between different parts of the organisation. For example local office managers may sensibly have considerable autonomy in deploying the non-mobile staff within their command, whereas in headquarters, personnel divisions are likely to play a more dominant role.

- 6.8 Teams feel that the individual should also have a major role in framing his career. The DHSS team argues that 'self development should be recognised as a prime motivating force in developing careers'. This might be achieved by allowing staff to log preferences for postings or by advertising more posts. For example both the PSA and Home Office teams recommend a pilot exercise in advertising a selection of posts. However in departments like LCD where advertising is already extensive, teams recommend more selectivity on grounds of cost, delay and unsuitability of applicants.

Conclusions

- 6.9 The handling of career development and postings for the majority of staff is, in my view, primarily a matter for individual departmental management. Varying structures, operational needs, even management styles dictate different patterns of career development. For example, MOD's scheme of career development within 5 broad functional specialisms (ADP, finance, personnel management, stores and equipment procurement, and supply management/administrative support) is not appropriate to the Home Office with its emphasis on centralised policy work.
- 6.10 What is essential however is that *each department develops coherent personnel plans and prepares a statement of its career management policy, as recommended in 'Management Development in the 1980s'*. I would wish to see this set in the context of a comprehensive statement of departmental personnel policy (see also 9.16). It should include estimates of likely length of postings; 'Management Development in the 1980s' proposes a move towards a more general minimum period of three to four years in post.
- 6.11 As a general principle, line managers should be given greater responsibility for developing and counselling their staff and, where this is not already the case, should have authority to move at least junior staff within their command to meet development as well as management needs. There will remain a place for CDIs where individual members of staff can get advice from personnel (when for example they are at the start of their careers or when they are unlikely to be promoted but wish to discuss the full range of opportunities available to them) but *I recommend that they should be undertaken selectively, as need arises, rather than as a matter of routine.*
- 6.12 I also commend to departments the principle that *staff should be allowed and encouraged to exert greater influence over their own development.* This boost to commitment and self-motivation will be of particular importance in the next few years when, with reduced promotion opportunities, development will be focused more on movements within the grade than up the hierarchy. Periodic changes of post, where appropriate complemented by training, will be necessary to provide fresh challenges and wider experience. It will be both sensible and helpful for the individual to be as involved as possible in making decisions about his own future.
- 6.13 In line with this increased emphasis on self-development, personnel divisions should become less interventionist and should concentrate more on disseminating clear personnel policy information, devising means to afford staff the opportunities they need and facilitating moves across organisational barriers. I would hope to see departments providing formal arrangements for staff to make known their preferences in work and location (perhaps by means of the annual report form) and undertaking experiments in advertising more vacancies. This kind of development need not however undermine the selective exercising

of central authority to fill posts by administrative action, where this is clearly desirable or necessary.

- 6.14 If this approach is to be successful, it will be essential to define clearly and openly the respective responsibilities of the individual, the line manager and the personnel manager; to ensure that each is equipped, for example by training and information, to undertake the task set; and to hold each accountable for personal performance. ***In general there should be greater liaison between individual line and personnel divisions; I commend the proposal for an annual meeting to review staffing needs, job requirements and the development of staff.***
- 6.15 In most departments, postings involving household removals are in practice voluntary and rare. The cost to departments of removal at public expense is high. Teams' estimates of the average cost range from £10,000 to £17,000 per transfer. The Inland Revenue alone spends £6½ million per year on removal costs but only in departments like this, where the culture is traditionally one of regular movement, is the mobility obligation a reality, at least at junior levels. Nonetheless ***the majority of teams recommend the retention of the mobility obligation as a reserve power for use in cases of ultimate management need (eg in cases of rationalisation of work). I so recommend.***
- 6.16 While individual departments will play the major role in the area of staff development, ***the MPO will have a direct interest in over-seeing departmental succession plans and the career development plans for certain groups of specialists and staff already in, or considered potential candidates for, the Open Structure.*** This too is dealt with in detail in '*Management Development in the 1980s*'.
- 6.17 The MPO also co-ordinates the advertisement of posts between departments (trawling) which review teams find to be slow, time-consuming and costly. Between 1979 and 1982 the Home Office recommended 619 out of 755 Home Office applicants for trawl posts in other Government departments; only 11 were accepted. On a similar basis the Customs and Excise team estimates a handling cost to its department of £5,870 for each successful applicant. The system is particularly irksome for departments, such as the nine taking part in the review, which do not trawl many of their own vacancies. Most of these departments do not employ significant numbers of specialists and the majority of trawl applications they have to process are for Administration Group vacancies; in a climate of reduced promotion opportunities, such applications are likely to be greatly increased. Some inter-departmental movement is clearly important in providing vacancies for surplus staff, career outlets particularly for staff in small departments, and candidates for scarce specialist posts. However the resource costs involved suggest there should be more selectivity in internal circulation of trawl notices, including the circulation of only minimum details of trawls, the increased sifting out of applicants, and, exceptionally, the bypassing of trawls where operational needs demand. ***I so recommend.***

Recommendations

- 6.18 I therefore recommend that:
- (i) each department should prepare a statement of its career management policy. This should clarify respective responsibilities for action and include estimates of likely lengths of posting;
 - (ii) Career Development Interviews should be undertaken on a selective basis, as need arises, rather than as a matter of routine;
 - (iii) the mobility obligation should remain a condition of service for all grades of staff at present classified as mobile (broadly full-time staff from EO level and equivalent upwards);
 - (iv) the MPO should be responsible for overseeing departmental succession plans and the career development plans for certain groups of specialists and staff already in, or considered potential candidates for, the Open Structure;

- (v) there should be more selectivity in the circulation within departments of advertisements for posts elsewhere.

6.19 I commend to departments:

- (i) increasing the authority and responsibility of line management for the deployment and development of their staff, particularly at junior levels;
- (ii) providing formal arrangements for staff to indicate preferences in type of work or location;
- (iii) experiments in advertising vacancies;
- (iv) annual meetings between individual line and personnel divisions to review staffing needs, job requirements and the development of staff.

Background

- 7.1 All departments must operate recognised promotion machinery. Most use a system of *interview* boarding; some, including the Inland Revenue, make extensive use even at senior levels of '*paper*' boards (ie boards which determine promotion on the basis of a written assessment of the individual's past performance and future potential).
- 7.2 The principle of the advancement of the efficiency of the public service governs all promotions. The MPO is currently consulting the Trade Union Side about clarifying the guidance on general promotion principles so that it is even clearer that those promoted should be those who are best fitted on merit. As a matter of policy it is encouraging departments not to give undue weight to breadth of experience at the expense of depth when considering candidates, particularly those in the Administration Group, for promotion. This is in line with general moves, which I support, to foster greater professionalism in the Civil Service. Conversely, there is a need to widen the horizons of some staff among the specialist groups to provide them with a practical foundation for assuming more senior management posts.
- 7.3 In the Administration Group, promotion is generally made to a grade rather than to an individual post within a grade.

Effectiveness of promotion systems

- 7.4 The evidence from the review indicates a general acceptance by management and staff alike that present promotion systems are fair and that they enable suitable candidates to be selected for promotion. This seems to be the case whatever mechanism is used. Where an organisation has an interview boarding system, all concerned argue for its retention on grounds of greater openness, equity and effectiveness. Conversely those accustomed to paper boarding argue that interviews pay insufficient attention to actual past performance and impose artificial stress on staff.
- 7.5 The review teams could provide no conclusive evidence of the comparative effectiveness of the two systems. It is demonstrably true that paper boards are cheaper. The average cost of selecting an EO promotee by paper board is £100 in the Tax Inspectorate and Administration Group of the Inland Revenue but £210 in its Valuation Office where interview boards are held. However, costs, though clearly important, are far from decisive on their own. One important factor may be the standard of reporting within a given department. The experience within Customs and Excise has been that paper boards have had great difficulty in distinguishing between the many candidates at the margin and have been left unconvinced that they have in fact selected the most deserving promotees. The recent introduction within Customs and Excise of interview boarding for promotion to middle management levels has in management's eyes resulted in improved standards of selection.
- 7.6 The grade under consideration may also be a factor here. Several of the review teams see scope for more reliance on paper boards at junior levels where the interview can contribute much less to promotion decisions but at higher levels opt to retain the interview system.
- 7.7 To my mind, the confidence of staff in the fairness and equity of procedures and of management in the suitability of promotees are critical tests which any effective promotion system needs to satisfy. Since both systems appear to meet these tests reasonably satisfactorily and there are no hard data on comparative effectiveness, ***I do not recommend pressing major changes on departments in the absence of clear evidence of the wider benefit of so doing. Moves to a greater use of paper boards for promotion at junior levels, or – as in Customs and Excise – to greater use of interview boarding at more senior levels, should be monitored within departments.*** The results, including an assessment

of the outcome in terms of the quality and type of candidates selected, the views of staff and management, the costs and (if it can be isolated from other influences) the effect on reporting standards, should be circulated to all departments.

- 7.8 Further useful information may emerge from the experiments currently being conducted by DHSS in delegating responsibility for promotions to Clerical Officer and equivalent to local level in their regional organisation. As a matter of principle, this seems to me a useful development particularly in regions where promotees normally remain within the same command. (For example, in LCD only 2% of promotions to Clerical Officer involve a move across current boundaries.) Increased delegation of clerical promotions to line managers should enhance managerial authority and accountability as well as achieving savings but it will be helpful for DHSS to assess and disseminate to other departments the results of these experiments before the practice is adopted more widely. The development and monitoring of experiments such as these will be an important duty for personnel divisions, as discussed in paragraph 9.11.

Promotion prospects

- 7.9 It has to be recognised that the general experience of the current promotion system has been in the context of an expanding Civil Service. But promotion prospects are likely to be considerably lower over the next 10 years. For example, it is estimated in the DE that only half as many staff will be promoted to Principal and one third to SEO and HEO as in 1976-8. In DHSS, only a small proportion of the EO/LOI grade – perhaps little more than 1% a year – will be promoted to HEO from the mid-1980s on, though increasingly the staff in these grades are youthful. Similarly a serious promotion blockage is forming in the Principal grade, particularly among ex-Administration Trainees. In the past only about 4% of this group failed to achieve promotion above Principal but recent projections suggest that, if nothing were done, as many as a quarter would remain Principals until retirement. The MPO is currently examining proposals to remedy the worst of these blockages. But I foresee no simple or comprehensive solutions and staff expectations about promotion rates will need to be lowered.
- 7.10 As promotion opportunities fall, the field of potential candidates expands. Nor is this position assisted by the variation in reliability of annual staff reports which do not sufficiently distinguish between candidates (see para 5.8). The DE team comments that 'the promotion assessment is . . . made by the immediate line manager against general, difficult to define, standards and without reference to, or indeed knowledge of, the likely demand for promotion'. ***I recommend that, to promote realistic expectations and judgements, departments should publish information on promotion procedures, vacancies and requisite experience and skills.*** On the same grounds, ***I commend greater feedback from promotion boards to line managers and staff,*** a process which would have the additional merits of helping to clarify departmental and board objectives and advising individual members of staff of their position.
- 7.11 Greater separation between reports on performance and those on promotability, as discussed in paragraph 5.15, may also help to make promotion assessments more realistic. Subject to such fundamental principles as, by agreement, the MPO lays down, the precise nature and handling of these reports is again a matter for departmental discretion – some review teams favour a two part performance/promotion form, others two distinct forms completed at different times – but all should provide a clear assessment of the individual's suitability for promotion. The counter-signing officer will be expected to play a significant part in framing this assessment.
- 7.12 Staff would, as now, be entitled to disclosure of their promotability marking but ***I do not recommend any further degree of openness in relation to the promotion report.*** This partially closed system for reviewing potential as distinct from performance is common in the private sector where it is regarded as a management procedure. Experience of introducing a fully open performance

appraisal into the Service should be assessed before consideration is given to moving to a system of open promotion reports. Nonetheless there remains an important counselling role for line management in giving staff a realistic idea of their position in the light of the information made available following my recommendations in paragraph 7.10. Staff will, of course, remain able to seek a CDI with a member of the personnel division if they wish.

- 7.13 These measures in themselves are unlikely to trim the current large field of candidates significantly. At present the system is beginning to creak under the weight of numbers. This means delay and cost. In the Scottish Office the 1982 CO/EO promotion board sat for 9½ weeks to select only 70 promotees. The LCD review team estimates the average cost of selecting each of about 200 promotees a year at £880. In the 1982 DHSS EO/HEO promotion exercise, 39 interview boards considered 2,837 candidates for 303 promotions at at total cost of £418,000. Had the ratio of candidates interviewed to vacancies been held at 3 to 1, the total cost would have been £132,000.
- 7.14 While the operation of promotion procedures is a matter for departments, ***I would commend the use of more rigorous sifts to reduce the ratio of candidates called for interview to vacancies to a target of three to one*** (excluding those who appeal against non-selection). One approach might be to make line management more accountable for its promotability assessments. The preparation of merit lists or use of quotas, at least in sizeable commands, would serve not only to provide better information for sift/promotion boards but also to increase line management involvement. As the DE report says: 'If the promotion system is to work properly the (boards) need, not more candidates with the same kind of marking, but a real indication by the managers themselves of which staff they consider to be their best candidates'.
- 7.15 In line with my general belief that staff should be given greater opportunity to influence their own destinies, ***I would also commend the practice of self-nomination for consideration for promotion***. I do not suggest however that this will markedly reduce the number of candidates to be considered since it is the experience of DHSS that self-nomination produces only a small reduction. The recent report, *Equal Opportunities for Women in the Civil Service*,* suggests that women may be less confident than men in assessing their own abilities and tackling their careers. It will be important therefore for senior managers, in carrying out the counselling role described above, to pay particular attention to encouraging suitably qualified women to apply for promotion.
- 7.16 Finally, on the selection process itself, there does seem to be ***need for board members to be given more training and explicit guidance on the object of the exercise and in particular on promotion criteria and the avoidance of discrimination. I so recommend***. Most teams feel that more weight should be given to candidates' past performance and boards may find it helpful to adopt a structured approach by awarding a preliminary mark on the basis of the papers alone before seeing the candidate for interview. This too is a matter for departmental decision but ***I would stress strongly the importance of ensuring that***, in order to complement the shift to longer postings and greater specialism in the Administration Group, ***boards are restrained from a tendency to penalise depth of experience acquired at the expense of breadth***. In offering these thoughts, I do not suggest that there is any substantial criticism of the quality of those selected for promotion. Certainly there is no support amongst the review teams for the introduction of trial periods after promotion.

- Promoting pooling** 7.17 There has also been considerable criticism of the current system of promotion pooling whereby promotees are moved between departments to reduce disparities in promotion opportunities and to provide career outlets for people in small departments. The procedures are highly bureaucratic and time-consuming

**Equal opportunities for women in the Civil Service*. A report by the Joint Review Group on Employment Opportunities for Women in the Civil Service, HMSO, 1982.

so that the resource cost to departments is substantial. There is, moreover, some suggestion that promotees thus gained may not always be suited to the work of the importing department. Certainly it is clear that this scheme has been coming under increasing strain in recent years as a result of the turbulence caused by manpower cuts within the Civil Service and the sharp fall in promotion vacancies. The shortfall against quotas has in some cases been significant; in 1981/82, none of the quotas at any grade was met and the total number of movements was only 82. For example, only 23 of the EO quota of 69 was achieved and only 2 of the Principal quota of 14. On some occasions, an individual department has been designated an importer one year and an exporter the next with costly consequences for the training of staff.

- 7.18 The MPO is already considering undertaking this exercise on a considerably longer cycle than the present annual round. ***I propose therefore that this suggestion be pursued on the basis of a minimum of three-yearly intervals, with particular emphasis on lightening the burden of administration on departments. If trial of the new arrangements suggests no appreciable improvement in the operation of the scheme, then routine promotion pooling should be abolished.*** There will always be a need to assist when departments' operational duties dictate sudden and/or large increases of staff at higher grades, as in Customs and Excise when VAT was introduced, but this can be met by special exercises.

Recommendations

- 7.19 I therefore recommend:—

- (i) departmental monitoring of the effect and cost of greater reliance on paper boards at junior levels or interview boards at more senior levels and dissemination of the results to all departments;
- (ii) the publication within departments of information on promotion procedures, vacancies and required experience and skills;
- (iii) no further degree of openness in relation to the assessment of promotability and long-term potential;
- (iv) more training and explicit guidance for interview board members;
- (v) the trial of new arrangements to improve the operation of the promotion pooling scheme; if these do not prove successful, routine promotion pooling should be abolished.

- 7.20 I commend:

- (i) greater feedback of information from promotion boards to line managers and staff;
- (ii) greater separation between reports on performance and those on promotability;
- (iii) more rigorous sifting to reduce the ratio of candidates called for interview to vacancies to a target of 3 to 1;
- (iv) wider use of self-nomination for consideration for promotion, with line management taking an active role in counselling staff on their potential.

Background

- 8.1 Under the provisions of the Principal Civil Service Pension Scheme (PCSPS) all civil servants can, where appropriate, be retired prematurely on grounds of inefficiency. This is not the only reason for retiring civil servants prematurely but is considered at length in this chapter because of the degree of concern demonstrated in the course of the review about handling inefficiency in the civil service. Paragraph 8.18 deals briefly with the future provision for early retirement from the civil service.
- 8.2 The MPO defines the basic criteria for premature retirement on inefficiency grounds, the minimum period of notice and right of appeal. Its authorisation for premature retirement on these grounds is required only if the officer concerned is in the Open Structure.
- 8.3 The aim of the inefficiency procedures is to make individuals aware of their deficiencies and help them to overcome them; and if this fails, to bring about their premature retirement as swiftly but as fairly as possible. Dismissals must be demonstrably fair to comply with employment protection legislation.

Teams' findings

- 8.4 All teams report criticism by management and staff alike of the operation of the present inefficiency procedures. They 'unduly prolong the extent to which less than satisfactory staff continue in post without improvement. While that is the case, they undermine the efficiency of the department in terms not only of their own poor workmanship but also of the damaging effect on the morale of their colleagues and the smooth running of the organisation in which they work; moreover such lengthy processes do not necessarily serve the best interests of the individual' (Home Office report).
- 8.5 In theory the procedures need take only about a year from first warning to retirement where this is appropriate. As operated by departments, they commonly take far longer. The Inland Revenue team reports an *average* of 27 months for inefficiency cases. A case of *poor attendance* in MAFF is said to have run for 24 years before premature retirement took place. In the first 10 years, the officer took an average of 50 days' sick leave per year and moved 11 times, presumably because of line management's unwillingness to tolerate this level of absence and personnel management's apparent misunderstanding of existing rules or reluctance to act.
- 8.6 Managers complain of the burden of monitoring during trial periods. The requirements necessary to satisfy the appellate bodies – principally the Civil Service Appeal Board (CSAB) and the Industrial Tribunal – are said to be the cause but these are often exaggerated. The costs of the procedures vary with the length and complexity of the case but can be heavy. In Inland Revenue, three cases examined cost £2,050, £3,460 and £4,250 respectively.
- 8.7 Very few civil servants are prematurely retired on inefficiency grounds. In DHSS, a department of over 90,000 staff, only one officer has been compulsorily retired for inefficiency at work and 13 for inefficiency due to unsatisfactory attendance since 1980. Yet teams note indications that action should be taken more frequently: for example, staff reports with comments suggesting unsatisfactory performance but overall gradings of 'fair' which therefore do not trigger the formal procedures. This suggests that line managers are reluctant to identify, monitor and report on inefficient staff.
- 8.8 The reasons for this apparent reluctance are not wholly clear. Line managers may wish to avoid a difficult personal situation; they may not be familiar with the procedures; or they may be deterred by the burden they impose. There is some evidence that the problem is worsened by the fact that decisions on individual cases are generally taken not in the line but by personnel divisions. Relations

between the two are often uneasy. The Inland Revenue team reports that 'managers expressed the heartfelt feeling that . . . it tended to be they who were on trial and not the individual who was supposed to be inefficient'. However it is not unreasonable to expect managers to be prepared to defend their recommendations. If the individual appealed, the department would have to be able to demonstrate that the decision to dismiss was a fair one.

Conclusions

- 8.9 ***The outline of the inefficiency procedures is at present centrally prescribed*** and, since it forms part of a civil servant's implied terms and conditions of service, ***I recommend that it remains so***. The current framework stems from a national agreement reached in 1971 and aims to provide an acceptable system which meets management's needs and legal requirements but offers proper safeguards to the individual. To change its terms, or those of the PCSPS which governs compensation payments, would require the agreement of all the unions concerned, or, failing that, primary legislation. This is not a course to embark upon lightly. Nonetheless, as I said in Chapter 2, I firmly believe that the civil service must be prepared to grasp the nettle of shedding poor performers. To do so, ***it must be assisted by procedures which comply with the requirements of employment protection law, are regarded as fair by staff generally but are not unduly lengthy or complex.***
- 8.10 At present the major problems seem to me to rest within departments, particularly given that many have introduced procedures which go well beyond the centrally determined requirements. In addition, the necessity for taking early action in cases of poor performance must be clearly understood and enforced. I see no alternative to placing this responsibility firmly on line management who have direct oversight of the individual's work. Their first action should be to assist and encourage. Where remedial efforts fail, warnings and formal procedures should be invoked at the earliest opportunity. Line managers' willingness to pursue this course might be strengthened, delay curtailed and unnecessary elaboration of the procedures avoided if the prime responsibility for action rested with them rather than personnel divisions. The actual operation of the procedures within the centrally prescribed framework is a matter for departmental decision. But it is my clear view that, as in most outside companies, ***the authority to take decisions, including the decision on dismissal, should rest with the line command, usually at senior levels.***
- 8.11 This is not at all to say that personnel staff should be excluded. It is not their job to second-guess line management but they have an essential duty in monitoring the operation of the inefficiency procedures to ensure fairness and consistency and, in individual cases, in offering information and expert advice (including on whether the case will stand up on appeal). Dealing properly with the inefficient requires a close and continuing partnership between line and personnel divisions, for example in considering such questions as whether or when the individual should be moved to a different area of work. It is therefore important that ***personnel staff should be involved automatically as soon as line management sees need to initiate the first stages of the formal inefficiency procedures.***
- 8.12 If line management is to tackle its task successfully, it will need clear concise guidance on criteria and procedures. This should emphasise that an adverse report may be completed *at any time*, not simply at annual intervals, and should advise on the amount of monitoring required. Teams' findings suggest that the level of record-keeping could reasonably be reduced without doing injustice to the individual or impairing the strength of management's case. The guidance should also stress that it is not binding prescription but only advice, which managers are expected to interpret sensibly in relation to the particular circumstances of an individual case.
- 8.13 If adopted, this approach should help to speed and ease the process while remaining within the terms of the current agreement. However several of the teams have argued that changes in the basic procedures are required. Specifically

they seek greater flexibility in the length of the formal trial period and recommend that it be reduced from a minimum of six to a minimum of three months. Above this period departments would have discretion to set trial periods appropriate to the case but the aim would generally be to complete procedures within six to twelve months. This is comparable with outside practice and seems to me to offer staff a reasonable period in which to achieve a return to satisfactory standards of performance. ***I therefore recommend that the trial period be reduced to a minimum of three months.***

- 8.14 Teams also argue that the number and level of appeal opportunities are excessive, costly and time consuming and that no injustice would be done if they were reduced. Most opt to abolish the formal Departmental Retirement Board. My own view is that each department should have one internal appeal mechanism independent of the immediate line management but this need not necessarily be a formal retirement board. An appeal might lie, for example, to the Principal Establishment Officer or a designated officer within the personnel or line division at senior level. ***I therefore recommend that each department should have clearly defined and recognised procedures for an in-house appeal in cases of individuals being prematurely retired on grounds of inefficiency but that these need not entail a formal Departmental Retirement Board.***
- 8.15 Only two review teams (LCD and DHSS) propose the abolition of the CSAB. Most are content that it should continue on the grounds that it is quicker, cheaper and less formal than the Industrial Tribunal. The dual right of appeal to both CSAB and Industrial Tribunal is anomalous but is exercised in a negligible number of cases (between four to seven cases a year). The future of the CSAB is already under consideration within the MPO following inter-departmental consultations on reform or abolition. The decision will take account of the views expressed by the review teams.
- 8.16 I endorse the teams' recommendations that, to emphasise management's determination to combat inefficiency in the civil service, ***the current discretion to withhold increments from unsatisfactory performers should be exercised in appropriate cases.*** Normally, no member of staff whose performance is assessed as 'not quite adequate' or 'unsatisfactory' (ie Box 5 or 6 of the overall performance rating on the present Annual Staff Report form) should expect to receive an increment.
- 8.17 I also agree that compensation payments in cases of premature retirement on inefficiency grounds should be abolished. Such payments vary with the age and length of service of the individual being retired but can amount to a few thousand pounds. They do not serve as sweeteners to ease out poor performers reluctant to go, as in some outside companies. In the civil service, compensation is paid only when the full inefficiency procedures have been completed and the individual compulsorily retired. By contrast, it is not payable to someone who resigns voluntarily including one who decides to move on when warned that inefficiency procedures are about to be initiated. I can see no justification for rewarding inefficiency in this way. There may be occasions when staff, through no fault of their own, are unable to continue to perform their work to the required standard but where this happens the existing procedures for premature retirement in the public interest and on medical grounds are appropriate and compensation can be paid. ***I therefore recommend the abolition of compensation payments for premature retirements on inefficiency grounds.*** This will require amendment of the terms of the PCSPS (see paragraph 8.9 above).

Future provision for early retirement

- 8.18 I have dealt at length with the operation of the inefficiency procedures since these are clearly a source of major concern. In addition I recognise that several review teams feel that there is need for more flexible early retirement arrangements, with reasonable terms, to allow staff who have lost steam to retire with dignity in circumstances where inefficiency action is not justifiable. A new package of retirement measures, extending the use of the current Flexible

Premature Retirement scheme and introducing a new Voluntary Early Retirement scheme, comes into operation on 1 April 1983. This will be of help to departments, but is not intended and cannot be regarded as constituting a definitive set of measures. In present circumstances it is particularly important that departments have available to them adequate provision for early retirement to be used cost-effectively in the interests of good management. ***I therefore recommend that the MPO should in the autumn institute a review of the full range of early retirement arrangements taking into account, in assessing how departmental needs can best be met, experience under the new package and also practice in outside organisations in this country and practice in the public sector in other countries.*** I would hope the results would be available by Easter 1984.

Recommendations

8.19 In summary, I recommend that:

- (i) the framework for dealing with the inefficient should continue to be laid down centrally;
- (ii) the formal trial period should be reduced from a minimum of six months to a minimum of three months;
- (iii) there should be recognised departmental procedures for appeals but these need not require a Departmental Retirement Board;
- (iv) authority to decide on inefficiency cases should rest with line management, usually at senior levels;
- (v) line management should be assisted and monitored by personnel staff and provided with clear concise guidance on the necessary procedures, particularly the required amount of detailed oversight of the individual. Personnel staff should be involved automatically as soon as line management sees need to initiate the first stages of the formal inefficiency procedures;
- (vi) the current discretion to withhold increments from unsatisfactory performers should be more rigorously applied;
- (vii) compensation payments in cases of premature retirement on inefficiency grounds should be abolished;
- (viii) in autumn 1983, the MPO should review the full range of early retirement arrangements and take into account experience of the new arrangements introduced in April 1983, practice in outside organisations in the UK and practice in the public sector in other countries.

Implications for Personnel Work in Departments

Departmentally-oriented-personnel arrangements

- 9.1 Having examined six major aspects of personnel activities in some detail, I draw together in this chapter the implications of my findings and recommendations for the way personnel work is undertaken within departments. Overall I have five major themes:
- (i) the need for coherent personnel arrangements with clear aims, tailored to the needs of the individual organisation
 - (ii) increased delegation to line management
 - (iii) greater expertise in personnel work
 - (iv) better communications on personnel matters
 - (v) greater involvement of the individual.
- 9.2 Over the last decade there has been a strong movement within the Civil Service to develop centrally-determined personnel policies and procedures and national agreements with the trade unions. While I have no doubt that central initiatives have played a part in spreading good personnel practice, the preceding chapters do suggest that (for example in areas like appraisal and career development) the result has been a heavy emphasis on uniformity and paperbound procedures which give departments little scope to handle their personnel responsibilities in ways appropriate to their own needs – needs which, as Chapter 2 shows, are very diverse.
- 9.3 I am impressed by the review teams' argument that there is now a need to adopt a more flexible framework, particularly when we are seeking to encourage a managerial culture within departments related to their particular businesses. Service-wide uniformity of itself is not necessarily the guardian of the fundamental Civil Service principle of fairness and equity in personnel policies. As the DHSS report notes, 'the attempt to achieve absolute standards of fairness and consistency across the whole Civil Service has too often led to cumbersome and inefficient procedures with the result that what might be fair for everyone in the abstract has not been fair to individuals in practice'. A centralised approach can also be costly of resources. The LCD team, for example, finds that an excessive insistence on compatibility leads to decisions being taken at unnecessarily high and over-centralised levels.
- 9.4 What seems to me important is that ***each department should develop a coherent strategy of personnel policies and related procedures tailored to the needs of the individual organisation and its staff.*** All such policies should aim to promote the effective deployment and development of staff and encourage them to give of their best. As a matter of good management, the aims should be clearly specified and the results of the personnel work evaluated. But procedures and organisational structures will obviously vary between and within departments.
- 9.5 One reflection of the current degree of centralisation is the extensive corpus of central rules and guidance as set out, for example, in the Civil Service Pay and Conditions of Service Code (three volumes) and the Establishment Officer's Guide (three volumes). Departments themselves then elaborate these rules, as I have particularly noted in the case of inefficiency procedures. The DHSS team records six main sources of departmental personnel advice, some formidably bulky. Clearly as procedures are streamlined and the burden of paperwork eased in relation to individual activities like probation, both departmental guidance and the Code and Guide will need to be revised and simplified. The aim should be a move away from detailed prescription by central personnel divisions

towards laying down general principles for line managers to apply to their particular circumstances. I set out below the basic principles which I believe should apply to personnel work in departments.

Increased delegation to line management

- 9.6 As depicted in the teams' reports, the present relationship between line and personnel divisions is often uneasy and the allocation of responsibility ill-defined. Although many line managers and many personnel staff are doing an excellent job, current procedures can lead to additional or duplicated work and excessive dictation to the line by personnel. Within departments personnel divisions are too often seen as the custodians of rule-books which are there to be applied in a precise and literal way by line managers and staff.
- 9.7 In general teams conclude that too much authority is centralised, so that it is personnel divisions which tend to take decisions – for example, on confirmation of appointments to the Service and in inefficiency cases – as well as to give advice. The DE team argues that this is 'wrong because it removes an important aspect of the management function, encourages managers to concentrate on operational management at the expense of man management and means that decisions are not being taken by those who have to live with them.' I agree. It is line managers, in day-to-day contact with their staff, who can do most to motivate them, set and assess standards of individual performance and understand and shape their career expectations. As, under the FMI, responsibilities and accountabilities are clarified and sharpened, line managers will to a large extent stand or fall on how far they succeed in bringing out the best in their staff. They must be given the authority necessary to discharge their accountability.
- 9.8 There is a clear thrust in teams' recommendations on specific issues towards a greater delegation of authority to line management. In some departments, such as DHSS in the follow-up to their Regional 'Traffic' Study, action has already been taken within the present guidelines to strengthen management's role and give it a greater say in the selection, development and deployment of its staff. Preceding chapters identify areas where there is scope for redressing the balance of authority towards the line. I recognise however that *the correct balance will differ according to circumstance* both between departments and within different parts of individual departments. For example, local managers in regional organisations may be given more autonomy than their counterparts in headquarters, where circumstances may suggest a more centralised approach. There will be variations according to the nature of the personnel activity concerned and the level of line management involved. For example, I see the main responsibility for appraisal of performance on the job as falling on the immediate line manager but would expect decisions on the fate of inefficient performers to rest at senior level, though usually still within the line command. Final decisions on functions suitable for delegation and on the appropriate levels of line management concerned can be taken only by individual departments in the knowledge of their own particular circumstances; but there must be few areas of the Civil Service where there is not scope for further delegation to the line. ***Above all what is essential is that departments should define explicitly***
- (i) ***the division of responsibility between line and personnel management, and***
 - (ii) ***the personnel responsibilities and authority of individual posts, particularly within the line management hierarchy.***
- 9.9 In summary, I endorse a realignment of responsibilities on two counts. First a transfer to the line of greater authority, combined with a clarification of respective responsibilities, is likely to lead to more effective personnel work, not least because managers will come to see personnel work as an integral part of their operation and become committed to it. Secondly, it will complement the thrust towards greater delegation in other areas: bringing together responsibility for operations, use of resources and personnel will render line management much more fully accountable for performance in the round. ***I therefore***

recommend that, allowing for the varying circumstances outlined above and the essential minimum safeguards of equity, line managers should be given as full responsibility as possible for the management of their staff. The corollary is, as the DE report says, that *"managers should be as accountable for personnel management decisions as for operational decisions and should be judged by their effectiveness in both areas."*

- 9.10 If this approach is to be successful, managers at all levels will need to be equipped to undertake their new responsibilities and there will be considerable training implications. I know that in many departments training is already provided for specific personnel activities, such as annual report writing, appraisal interviewing, or, where appropriate, promotion boarding. As responsibilities change, ***departments will need to reassess the overall needs of line managers and devise systematic training programmes as necessary.*** The commitment and leadership of senior managers will be an important factor in setting the tone and providing an example of good staff management.

Expertise in personnel work

- 9.11 Good personnel management depends upon a partnership between line and personnel staff. To complement the enhanced role of the line recommended in this report, I envisage a somewhat different balance in the work of personnel managers. ***They will continue to undertake directly some executive functions*** (such as selective career development and postings, participation in recruitment and promotion exercises, oversight of the departmental operation of the AT scheme). ***But they should place more emphasis on providing information, support and expert advice to line management in its discharge of its personnel responsibilities; on exercising a monitoring and co-ordinating function; and on taking responsibility for personnel strategies.*** I consider that in the past this important area of strategic planning has been somewhat neglected under the pressure of day-to-day demands and the umbrella of Service-wide advice. But, if departments are successfully to take responsibility for framing more of their own personnel policies and procedures as described above, it will need to be tackled seriously and competently.
- 9.12 In all, this points to more expert personnel staff who can command the confidence of the line by their ability and knowledge. The question of whether this demands a professional qualification is being considered in the context of a separate MPO study which is to report in the middle of the year. The general conclusions of the review teams are that a wholly specialist personnel division is probably undesirable, not least because the scope of personnel work within departments is often relatively narrow and there are strong advantages in personnel staff having had recent and wide line management experience. In my view, there is much to be said for a few staff acquiring a specialised knowledge of the personnel field and developing their careers mainly in personnel work; but most staff in personnel divisions should have recent line experience and return in time to line jobs.
- 9.13 Undoubtedly formal training is important in helping to ensure a basic level of competence in personnel work. Given the substantial changes in personnel work recommended in this report, it is likely to be of particular consequence during the next few years as personnel staff adjust to new tasks and responsibilities. ***I therefore recommend that all new personnel managers should undertake a mandatory common core of three weeks' basic training in personnel management knowledge and skills at the Civil Service College. This requirement should be reviewed after three years' operation by MPO's Training Division in conjunction with departments to see whether it remains appropriate.*** I favour the use of the College on the grounds that in this specialist field it is likely to be more cost-effective than departmental training; will ensure a common basic framework of knowledge and expertise; and will enhance the sense of community amongst personnel managers who can maintain contact to share experience and ideas. It will also boost professionalism, particularly since successful completion of the College's existing basic Personnel Management

course, plus one module, is expected to be recognised by the IPM for their Certificate in Personnel Practice.

- 9.14 There would, of course, be resource costs both to departments and to the College, which faces other pressing claims on its resources, not least from the FMI and from the recommendations of the report on *'Management Development in the 1980s'*. But the College already provides a maximum of 72 places a year on its existing three-week course, which is aimed at staff at HEO-Principal level and which it is developing and updating. The cost in 1982/3 is £1,300 per head. The extra costs arising from this recommendation will clearly depend on the number of additional candidates coming forward from departments. But I understand that mandatory training for newcomers to personnel work could almost certainly be undertaken without any increase in College complement and that it could include some staff already in personnel work who have not had such training.
- 9.15 This course should provide a good foundation. More specialised training will need to be related to the specific functions and personal needs of individual personnel managers. ***I therefore recommend that departments should set in hand arrangements to identify and meet training needs over and above those covered in the College's basic course,*** particularly in relation to the strategic planning envisaged in paragraph 9.11. The College already provides a series of modules in the main areas of knowledge and skills, but contacts could helpfully be initiated or maintained with expert organisations outside the Civil Service.

Communications

- 9.16 The findings from the review reveal a need for improved communications. Several teams comment on staff's concern about 'the secretiveness with which personnel management decisions appeared to be taken. This was more the result of decisions not being explained than any deliberate concealment but there was also felt to be a real lack of information available about how the system worked' (DE). But if line managers are successfully to fulfil their new responsibilities they will need clear information about the aims and operations of the personnel activities in which they are engaging. If staff are to understand what is expected of them and to make realistic assessments about their development within the organisation, they will need greater feedback about individual performance and about general prospects. ***I therefore recommend that each department should be required to prepare and to promulgate to staff an explicit statement of its personnel policies, including career management and mobility policies.***

Individual initiative

- 9.17 Information of this kind will also enable individual members of staff to play a greater part in their own personnel management. ***I believe that we need to stimulate commitment and self-motivation by finding means to allow staff to take more responsibility for their own career decisions.*** In order to frame sensible judgements, they will need to know not only what skills are required for particular posts or areas of work but also how their own skills, strengths and weaknesses are assessed. I therefore favour the introduction of an open system of performance appraisal, as I discuss in Chapter 5. This will require a considerable adjustment of attitude on the part of managers, but I believe that in the longer term it will lead to more constructive and participative relationships. Communications here must operate in both directions. Staff should have the opportunity to express their own views of their work and performance and, indeed, of their preferences and ambitions. Hence the suggestion in Chapter 6 that staff might be allowed to log preferences for postings and in Chapter 7 that they should nominate themselves for consideration for promotion. My aim here, as throughout my report, is to tap the well of individual energy and commitment by placing responsibility where there is greatest personal interest and providing a supporting framework of information and advice.

Recommendations

- 9.18 I recommend that:
- (i) each department should develop a coherent personnel strategy tailored to its needs;

- (ii) departments should define explicitly the division of responsibility between line and personnel management and the personnel responsibilities and authority of individual posts;
- (iii) as far as possible, line managers should be fully responsible and accountable for the management of their staff. Their training needs to this end should be assessed and met;
- (iv) personnel staff should continue to undertake directly some executive functions but should place more emphasis on providing information, support and expert advice to line management in the discharge of its personnel responsibilities; exercising a monitoring and co-ordinating function; and taking responsibility for personnel strategies;
- (v) all new personnel managers should undertake a mandatory common core of three weeks' basic training at the Civil Service College. This requirement should be reviewed after three years by the MPO's Training Division in conjunction with departments;
- (vi) departments should set in hand arrangements to identify and meet personnel managers' training needs over and above those covered in the College's basic course;
- (vii) departments should publish for staff an explicit statement of the department's personnel policies, including career management and mobility policies.

- 10.1 Allowing departments greater discretion to frame personnel systems suited to their own needs has important implications for the work of the central departments, particularly the MPO whose two main functions are:
 - (i) to promote the efficiency and effectiveness of government departments; and
 - (ii) to maintain a Service-wide framework for the development of personnel policy and practice and to provide central services to all departments, notably through the Civil Service Commission (recruitment), the Civil Service College (training) and the Medical Advisory Service (occupational health).
- 10.2 The review teams acknowledge that the maintenance of common grading and conditions of service across the Civil Service necessitates some degree of central prescription and that the MPO can economically perform certain services for departments. But some strong views are also expressed on what the MPO should not do: it should not lay down rules in detail but should confine itself to principles which departments are free to apply for themselves in different ways to meet their different circumstances; it should not attempt to impose ideas on departments except where it has real expertise; it should not insist on unenforceable rules; nor should it impose a 'wooden centralised uniformity' (to quote the words of one Permanent Secretary).
- 10.3 These views imply not that the MPO should cease to perform an active central function in the shaping of personnel management policy but that this function should change. It is particularly necessary that the MPO should continue to develop and implement new approaches in consultation with departments, and should ensure that the longer term needs of the Service are not put at risk because of the pressure of day-to-day business or the parochial and short-term interests of individual departments or groups.
- 10.4 In considering the work of MPO concerned with the areas covered by the review, I have found it useful to distinguish three broad classifications:
 - (i) activities where central prescription is necessary or desirable;
 - (ii) activities which it is more efficient or cost-effective for the centre to undertake as a service;
 - (iii) activities which are essentially the responsibility of departments but for which the MPO should lay down basic principles, provide advice and examples of good practice and audit performance.
- 10.5 Neither this review nor other recent studies have brought to light any evidence to justify abandoning central prescription on such matters as minimum recruitment qualifications; pay; conditions of service such as hours of attendance, leave and pensions; structure; and redundancy procedures. The MPO also has an important function in relation to senior appointments, the management of the Open Structure and succession planning, and the distribution of surplus staff between departments. Ultimately authority in these matters rests with MPO, although its style of operation is generally – and rightly – to seek consensus. For example, the Staff Transfers Unit prefers to operate by persuasion, even though it has compulsory powers for the placement of some surplus staff.
- 10.6 The MPO should continue to provide services for departments where it is efficient or cost-effective to organise them centrally. Typical service activities of this kind are the provision of medical advice, and certain types of recruitment and training. It is important, however, that the justification for the central

Areas of central prescription

Services centrally provided

provision of a service should be kept under review and that it should be continued only if the balance of argument is clearly and definitely in favour of that course. In this context I believe that a useful discipline is imposed by repayment for services, as I recommend for recruitment undertaken by the Commission and as already operates for much central training provided by the College. These are the two major areas of service activity and I do not at present see scope for further extension of the principle of repayment.

**Activities essentially
the responsibility of
departments**

- 10.7 As I explain in the previous chapter, personnel work in the Civil Service is too centralised. ***I recommend therefore that responsibility for developing personnel policies tailored to its needs should rest clearly with each individual department. The task of the MPO is then to promulgate basic principles for the Service as a whole; to disseminate advice, guidance and examples of good practice; and selectively to audit departmental performance.*** It follows that the MPO should not lay down detailed policies and procedures except where it is clearly necessary for there to be a uniform approach. This framework accords with the Government's affirmation in its White Paper of September 1982 on Efficiency and Effectiveness* (paragraph 23) that it looked to the central departments 'to make full use of the knowledge and experience of other departments; to establish clear principles; to provide information and advice about the practical application of principles; and to check that they are applied in practice.'
- 10.8 I see particularly such matters as staff appraisal, career development and promotion as well suiting a framework of this kind. In Chapters 3-8 I set out in detail in relation to individual personnel activities where responsibility and authority should rest. Where not specifically attributed to the MPO, they should be assumed to lie with departments.
- 10.9 From time to time Ministers may wish to take personnel management initiatives in relation to the Service as a whole. Consultations at national level with the trade unions might also indicate scope for necessary or desirable changes to policies or procedures. Nothing I recommend will stand in the way of that. It will remain open to the MPO in such circumstances either to prescribe detailed rules and procedures if that is essential, or to promulgate clear principles to which departments must adhere, backed up as necessary with advice, examples, etc..
- 10.10 Moving to this revised approach will take time to put into effect and require changes in attitude by all concerned. This review has been selective and has not examined the full range of personnel activities in detail. It is not possible at present, therefore, to define precisely the boundaries of central prescription, advice and information. It is also important in deciding such matters to have regard to MPO's priorities for the use of its limited resources and to the needs of departments, so that time and effort are not wasted on unimportant or piecemeal initiatives, or on imposing procedural changes which are not really necessary or desirable. Departments also complain, with some justice, that the centre sometimes launches initiatives without paying proper attention to the resource consequences to them of their implementation.
- 10.11 These considerations point to the need for some measure of control. ***I therefore recommend that where MPO is seeking to promote new initiatives or other changes which will have a significant effect on departments:***
 - (i) ***they should be separately identified in the annual activity-planning arrangements which the MPO is introducing as part of its response to the FMI, for the specific approval of top management;***
 - (ii) ***Establishment Officers should be consulted, normally at their regular monthly meeting, on the basis of an outline specification of what is intended and what the expected benefits will be, before detailed work goes ahead.***

*Efficiency and effectiveness in the Civil Service Cmnd. 8616, HMSO, 1982.

- 10.12 This change in emphasis is intended to act as a spur to departments to think out, and put into practice, personnel policies which fit their own needs. It is critically important that change brings with it higher standards and greater cost-effectiveness. This cannot be left to chance, and the MPO has responsibilities which it should not abdicate. It is essential that the MPO should audit *selectively* the performance of departments to ensure that basic principles and minimum standards are applied, and to enable the Service as a whole to have the benefit of new thinking and improved practices pioneered by individual departments.
- 10.13 Priority at present must be given to putting into effect recommendations for immediate action in this report. This must be done in a coherent and determined fashion. ***I therefore recommend that MPO:***
- (i) ***set in hand immediately the short-term task of drawing up its Action Document on this and related reviews, and carrying implementation forward on a co-ordinated basis. This Action document should also serve as a statement to departments of the approach MPO intends to adopt in the future and the broad policies and principles it expects them to follow;***
 - (ii) ***devise arrangements for the longer term task of the selective audit of departmental performance. As part of these there must be adequate provision for MPO staff to see for themselves what approach departments have adopted and to study in detail what is happening on the ground. The arrangements might also pick up a suggestion put forward in the Inland Revenue report, namely that the MPO call for reports from departments over a 3-year cycle on the way they administer major aspects of personnel work and the costs involved.***

staff of the MPO

- 10.14 The changing personnel task of the MPO has obvious implications for the quality, experience and training of its staff. If it is to have the confidence of departments, it must speak, and be seen to speak, with authority. An important source of authority comes from an up-to-date flow of information and knowledge about departmental experience and practice. ***I therefore endorse the present policy of increasing interchange of staff between MPO and operational departments.*** Such staff should be drawn from, and work in, both line management and personnel divisions in departments. This policy is of particular relevance to the central Personnel Management (PM) Group, and ***I recommend that special attention should be given to ensuring the application of the policy fully to the PM Group.***
- 10.15 I am also impressed by the lessons that can be learned and turned to good effect by the study of personnel management practices in other organisations, both in the public and the private sector. This can be reinforced by frequent contact with outside practitioners and by study of the best work of academic and other writers about personnel management. ***I recommend that the MPO:***
- (i) ***establish continuing links with the IPM and with personnel managers in other organisations with a view to keeping abreast with outside developments in personnel management; and***
 - (ii) ***consider enabling a small number of key staff engaged in or destined for personnel management work to acquire deeper knowledge of the subject through appropriate courses of study, possibly leading to the acquisition of professional qualifications.***

Summary and
recommendations

- 10.16 I can summarise my views as follows. The approach which the MPO adopts to personnel management in the Civil Service should be fully compatible with and should reinforce efforts to improve the management of the Service. The present is a time of rapid change. A determined effort is being made to improve management by decentralising responsibility and delegating it down the line, and by placing greater emphasis on the personal responsibility of managers for getting specific results and using resources cost-effectively. The MPO's

approach to personnel management should match this effort and help to make it a success, and my recommendations fully accord with that aim.

10.17 I recommend that:

- (i) responsibility for developing personnel policies and procedures tailored to its particular needs should rest clearly with each individual department. The MPO should promulgate basic principles for the Service as a whole; disseminate advice, guidance and examples of good practice; and audit departmental performance selectively;
- (ii) new initiatives or other major changes proposed by MPO should have the specific approval of its top management as part of the activity planning cycle, and Establishment Officers should be consulted before detailed work goes ahead;
- (iii) the MPO should immediately draw up an Action Document on this and related reviews, and this should serve as a statement of MPO's intentions to other departments;
- (iv) for the longer term, the MPO should devise arrangements for the selective audit of departmental performance, which should include provision for MPO staff to see for themselves what approach departments have adopted and to study in detail what is happening on the ground;
- (v) the present policy of increasing interchange of staff between MPO and operational departments should continue; special attention should be given to ensuring the application of the policy fully to the MPO's Personnel Management Group;
- (vi) the MPO should establish continuing links with the IPM and outside personnel managers to keep abreast of developments in personnel management and should consider enabling a small number of key personnel management staff to acquire deeper knowledge through appropriate courses of study.

- 11.1 In this chapter, I bring together some general points about implementing the recommendations contained in this report and in those of the departmental teams.
- 11.2 First, this review does not stand alone. There is a wide range of work, recently completed or still in progress, which will have important implications for the development and application of personnel policies in the Civil Service. The FMI and the MPO report on '*Management Development in the 1980s*' are particularly relevant. In drawing up their Action Documents, therefore, departments and the MPO will need to ensure that appropriate account is taken of these other studies and that a single coherent programme of action is planned.
- 11.3 Secondly, it will be necessary to adopt a staged approach to implementation and to have a clear view of the priorities for rapid progress. On some matters, such as recruitment and inefficiency, action can to some extent be taken independently and proceed as rapidly as the necessary consultations and the introduction of the procedural changes required will allow. A clear timetable should be set out in the departmental and MPO Action Documents.
- 11.4 But a choice will have to be made on where to start with many other matters. My own first choice would be for the early introduction of the improvements recommended in the *staff appraisal* system, since this is central to many of our personnel activities and has close links to the FMI. I have therefore asked the Reporting System Working Party to come forward, by early July, with specific proposals to implement the recommendations contained in Chapter 5 of this report. More generally, the publication in July of the White Paper on the progress and future development of the FMI will provide the opportunity to set out the personnel priorities necessary to reinforce this important initiative.
- 11.5 Linked to this is the question of the resources required for implementation. It is not possible to be at all precise about these at this stage. This is because much depends on how implementation is organised and this will differ greatly between departments. In some parts of the Civil Service, a number of the recommendations have already been put into effect. In others, many major changes will be necessary. Some proposals should save significantly on line managers' time, for example the streamlining of the probation and staff appraisal procedures. Others will call for more effort by them or by personnel staffs, for example in giving regular appraisal interviews where this is not already done or in drawing up explicit statements of departmental personnel policies and in defining the personnel responsibilities and authority of individual posts within the line management hierarchy.
- 11.6 Overall, it should be possible to make substantial progress without requiring significant additional resources. This is because, in general, my recommendations are designed to secure the more effective use of existing personnel resources rather than the imposition of entirely new tasks over and above what is already being done. But there are undoubtedly some initial costs, for example in revising procedures and introducing new systems. This applies particularly to training. As I say in Chapter 9, it will be essential to equip line managers and personnel staffs to fulfil effectively their revised responsibilities, and this must include some extra provision for training. A major task over the next few years will be to identify, develop and bring on the managers most fitted to take on these revised responsibilities.
- 11.7 Finally, if the changes I am proposing are to work properly, and not just to remain paper aspirations, it will be crucial to secure the commitment and support of managers and staff across the Civil Service. It will require a clear lead from the top down, and a sustained and continuing programme of education, if

Links with other studies

Resources for implementations

we are to bring about changes of attitude at all levels. For example, if line managers are to be given more authority over their staff, they need to accept the personal responsibility that goes with it for managing their staff fairly and conscientiously. They must be prepared to use their discretion, within the guidance and advice provided by personnel staff, rather than relying on central instruction. The more senior managers, in particular, must come to see staff management as an integral part of their general management responsibilities and take the lead in motivating their staff to achieve better performance, and in communicating with them.

Consultation with Trade Unions

- 11.8 The trade unions at both national and departmental level have an important part to play. They naturally take a particularly strong interest in personnel work, and many of our current practices and procedures flow from arrangements agreed with them over the years, particularly in the period following the Fulton Report.* It will be important to retain their confidence – and that of staff more generally – that the changes taking place will not jeopardise the underlying fairness of our personnel procedures and the even-handedness of their application. This will require early consultation with the unions at national level, as well as parallel discussions in departments, with a view to rapid implementation of the recommendations of the review.

Conclusions

- 11.9 In conclusion, I would emphasise that I have sought in this report to set out broad principles which should govern personnel work in the Civil Service. They are designed to build on the extensive amount of good work which is already being done in improving its quality and cost-effectiveness. They accord fully with the conclusions of other related initiatives, particularly the FMI, and with the Government's policy for good management, and in turn will help to reinforce them.
- 11.10 I attach particular importance to two things. First, giving departments maximum discretion to develop their own personnel policies and systems related to their particular needs. More weight needs to be given to the demands of each situation than to rigid uniformity, whatever the circumstances. Secondly, giving line managers, both in policy and in operational divisions, more responsibility for their staff, but on the basis of a close and continuing partnership with personnel staffs.
- 11.11 It follows that the detailed application of these principles by departments will vary, both between them and within them. But the basic principles themselves are of general application across the whole Civil Service.

*The Civil Service Report to the Committee chaired by Lord Fulton, Cmnd. 3686, HMSO, 1968, 6 vols.

Recruitment

- 1 As an experimental measure, departments should be allowed greater flexibility in operating local recruitment, including having vacancy notices removed from Jobcentre display once a specific minimum ratio of qualified applicants for each vacancy has been achieved. The outcome should be reviewed in September 1983 (paragraph 3.7).
- 2 Departments should undertake their own local recruitment where they wish to do so, provided that the needs of small departments can be satisfactorily met (paragraph 3.10).
- 3 Where departments elect to continue with collective schemes, they should operate on a basis of repayment (paragraph 3.10).
- 4 Departments should pursue cost-effective ways of involving their line managers, with the support and advice of personnel staff, more closely and decisively in the process of local recruitment (paragraph 3.11).
- 5 Departments should set up appropriate arrangements, where they have not already done so, to monitor and evaluate their local recruitment processes (paragraph 3.12).
- 6 The MPO, in consultation with departments, should carry out a thorough review of local recruitment arrangements by the end of 1985 (paragraph 3.13).
- 7 Direct entrant EO recruitment should continue to be undertaken centrally by the Civil Service Commission (paragraph 3.18).
- 8 The Commission should press ahead with its plans to improve the quality and speed of EO recruitment, including a continuous scheme of recruitment from 1984 (paragraph 3.20-21).
- 9 Specific proposals for the introduction of a recruitment concordat between the Commission and departments, repayment and ways of involving departments more closely in selection decisions for EO recruitment, should be worked up during the scrutiny of the Commission (paragraph 3.24).
- 10 There should be a thorough review of the revised arrangements for EO recruitment by the end of 1985 (paragraph 3.25).
- 11 Specialist recruitment by the Commission should continue to be undertaken centrally but should be covered by arrangements similar to those for EO recruitment (paragraph 3.27).

Probation

- 12 New entrants should continue to serve a period of probation or trial, limited to one year for all grades except Administration and other Trainees for whom a two year probation remains appropriate (paragraph 4.10).
- 13 The primary emphasis of probation should be on the positive development and encouragement of recruits and on identifying in good time those who are not likely to make the grade (paragraph 4.8).
- 14 Probationers should demonstrate a capacity to reach a good rather than a fair standard of performance to merit confirmation of appointment (paragraph 4.11).
- 15 Specific probation procedures should be for departmental determination and should concentrate on making line management responsible for the development and appraisal of new recruits with minimal formal reporting. Streamlining might include requiring extensive reporting only in cases of unsatisfactory progress (paragraph 4.12).
- 16 Authority for taking decisions on confirmation of appointment, except in the case of Administration and other Trainees, should lie with line management at an appropriate level; personnel staff should always be involved (paragraph 4.13).

Staff appraisal

- 17 Written appraisal reports should continue to be made annually on all staff (paragraph 5.11).
- 18 Departments should have discretion to determine the details of their own appraisal systems and forms within a centrally-prescribed framework of general principles (paragraph 5.13).
- 19 The MPO should take responsibility for establishing these fundamental principles after consultation with departments; for providing guidance on good practice; and for giving expert advice on form design, supplemented by specimen model forms including those for the centrally managed groups (paragraph 5.13).
- 20 The primary emphasis of the annual appraisal form should be on performance in the present job; this would be assisted by greater separation of assessments of performance and of potential (paragraph 5.15).
- 21 Every performance report form should include a scale rating for overall performance with a clear line below which performance is regarded as unsatisfactory (paragraph 5.15).
- 22 Performance should be assessed against an agreed job definition including, wherever possible, targets agreed at the outset of the year. The form should focus more on actual achievements on the job and less on personal qualities and traits (paragraph 5.16).
- 23 Performance reports – but not promotion reports – should be completely open, with space for the individual's comments, and should form the basis of an appraisal interview, usually with the immediate line manager (paragraphs 5.17–18).
- 24 There should be no further degree of openness in relation to the promotion and longer term potential parts of the appraisal system; staff would as now be entitled to disclosure of their promotability marking (paragraphs 5.17 and 7.12).

Career development and postings

- 25 Each department should prepare a statement of its career management policy. This should clarify respective responsibilities for action and include estimates of likely length of posting (paragraph 6.10).
- 26 Career Development Interviews should be undertaken on a selective basis, as need arises, rather than as a matter of routine (paragraph 6.11).
- 27 The mobility obligation should remain a condition of service for all grades of staff presently classified as mobile (broadly full-time staff from EO level and equivalent upwards) (paragraph 6.15).
- 28 The MPO should be responsible for overseeing departmental succession plans and the career development plans for certain groups of specialists and staff already in, or considered potential candidates for, the Open Structure (paragraph 6.16).
- 29 There should be more selectivity in internal circulation of trawl notices (paragraph 6.17).

Promotion

- 30 Departments should monitor the effect and cost of greater reliance on paper boards at junior levels or interview boards at more senior levels and disseminate the results to all departments (paragraph 7.7).
- 31 Departments should publish for staff information on promotion procedures, vacancies and required experience and skills (paragraph 7.10).
- 32 Interview board members should be given more training and explicit guidance (paragraph 7.16).
- 33 New arrangements to improve the operation of the promotion pooling scheme should be given a trial; if they do not prove successful, routine promotion pooling exercises should be abolished (paragraph 7.18).

Inefficiency

- 34 The framework for dealing with the inefficient should continue to be laid down centrally (paragraph 8.9).
- 35 The formal trial period should be reduced from a minimum of six months to a minimum of three months (paragraph 8.13).
- 36 There should be recognised departmental procedures for appeals but these need not require a Departmental Retirement Board (paragraph 8.14).
- 37 Authority to decide on inefficiency cases should rest with line management, usually at senior levels (paragraph 8.10).
- 38 Line management should be assisted and monitored by personnel staff and provided with clear concise guidance on the necessary procedures, particularly the required amount of detailed oversight of the individual. Personnel staff should be involved automatically as soon as line management sees need to initiate the first stages of the formal inefficiency procedures (paragraph 8.11).
- 39 The current discretion to withhold increments from unsatisfactory performers should be more rigorously applied (paragraph 8.16).
- 40 Compensation payments in cases of premature retirement on inefficiency grounds should be abolished (paragraph 8.17).
- 41 In autumn 1983, the MPO should review the full range of early retirement arrangements and take into account experience of the new arrangements introduced in April 1983, practice in outside organisations in the UK and practice in the public sector in other countries (paragraph 8.18).

Implications for personnel work in departments

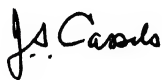
- 42 Each department should develop a coherent personnel strategy tailored to its needs (paragraph 9.4).
- 43 Departments should define explicitly the division of responsibility between line and personnel management and the personnel responsibilities and authority of individual posts (paragraph 9.8).
- 44 As far as possible, line managers should be fully responsible and accountable for the management of their staff. Their training needs to this end should be assessed and met (paragraphs 9.9-10).
- 45 Personnel staff should continue to undertake directly some executive functions but should place more emphasis on providing information, support and expert advice to line management in the discharge of its personnel responsibilities; exercising a monitoring and co-ordinating function; and taking responsibility for personnel strategies (paragraph 9.11).
- 46 All new personnel managers should undertake a mandatory common core of three weeks' basic training at the Civil Service College. This requirement should be reviewed after three years by the MPO's Training Division in conjunction with departments (paragraph 9.13).
- 47 Departments should set in hand arrangements to identify and meet personnel managers' training needs over and above those covered in the College's basic course (paragraph 9.15).
- 48 Each department should publish for its staff an explicit statement of its personnel policies, including career management and mobility policies (paragraph 9.16).

Implications for the Management and Personnel Office

- 49 Responsibility for developing personnel policies and procedures tailored to its particular needs should rest clearly with each individual department. The MPO should promulgate basic principles for the Service as a whole; disseminate advice, guidance and examples of good practice; and audit departmental performance selectively (paragraph 10.7).

**Optional topics
included in the
review**

- 50 New initiatives or other major changes proposed by MPO should have the specific approval of its top management as part of the activity planning cycle, and Establishment Officers should be consulted before detailed work goes ahead (paragraph 10.11).
- 51 The MPO should immediately draw up an Action Document on this and related reviews and this should serve as a statement of MPO's intentions to other departments (paragraph 10.13).
- 52 For the longer term, the MPO should devise arrangements for the selective audit of departmental performance. These should include provision for MPO staff to see for themselves what approach departments have adopted and to study in detail what is happening on the ground (paragraph 10.13).
- 53 The present policy of increasing interchange of staff between MPO and operational departments should continue; special attention should be given to ensuring the application of the policy fully to the MPO's Personnel Management Group (paragraph 10.14).
- 54 The MPO should establish continuing links with the IPM and outside personnel managers to keep abreast of developments in personnel management and should consider enabling a small number of key personnel management staff to acquire deeper knowledge through appropriate courses of study (paragraph 10.15).
- 55 Responsibility for authorising work-related allowances including overtime and leave should normally lie with line management where this is not already the case (Annex I, paragraph 7).
- 56 In carrying out their review of accommodation management, ME2 Division of the MPO should:
 - explore further the problems of accommodation management reported by LCD and Home Office;
 - examine the extent of over- or under-provision of office space in departments;
 - seek to extend the use of budgetary mechanisms for the control and management of accommodation and related expenditure;
 - establish guidelines for good practice in accommodation management for promulgation to the departmental managers concerned by April 1984 (Annex I, paragraph 31).



J S Cassels
March 1983

List of annexes

- Annex A** Review of Personnel: Work Study Plan
- Annex B** Numbers of Non-Industrial Civil Servants in Departments Participating in the Review; in MOD; and in the Civil Service as a whole
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Review of Personnel Work: Study Plan

- 1 Personnel work is common to all departments. It is crucially important both for securing the efficient operation of Government and for realising the full potential and abilities of staff. Many thousands of people across the Service are employed on it full-time, and it rightly accounts for a substantial part of the time of line managers.
- 2 Line management and personnel specialists work within a framework of national and departmental personnel rules and agreements which have been developed in consultation with the Trade Unions; many of the agreements were developed as part of the reforms following the Fulton report.* The continuing effectiveness of the relevant agreements and of the performance of personnel functions generally needs to be re-examined periodically in the light of costs and practical effect. The Management and Personnel Office, with departments, is already re-examining certain central policies and practices, for example on staff reporting, co-operation between departments at local level and job satisfaction, to see whether they can be carried out more economically and effectively. The review will complement this work. Thus it will be concerned with effective and economic ways of improving the quality of personnel management, especially as it affects the motivation, development and efficiency of staff, as well as with finding out the resources consumed and eliminating wasteful practices.
- 3 *Terms of reference*
 'To examine major aspects of personnel work, ie staff appraisal and career management, recruitment, redundancy, staff movements and wastage, and selected other personnel activities; to consider the respective roles in such work of line and personnel managers and the effect of relevant national and departmental rules and agreements; and to make recommendations for improving the performance of personnel work by line and personnel managers and so raising the motivation of staff as well as securing the maximum possible cost-effectiveness.'
- 4 *Scope of the review*
 - (a) The review will focus mainly on the policies for personnel management and how they are carried out by line and personnel managers, relating line management experience to direction from the Principal Establishment Officer and the centre, including that which results from national agreements and rules laid down by the central departments.
 - (b) Issues which are affected by national rules and agreements will be followed through with the central co-ordinating team (see paragraph 7). Examining officers should be mindful of the relationship between personnel work and good industrial relations.
 - (c) The approach will be 'bottom up', in the sense that examining officers will start by looking at how personnel policies and practices affect the day-to-day activities of line managers and their staff, their motivation and the efficient performance of their work. The study will not be concerned with individual styles of management, leadership and decision-making except insofar as these are affected by or have an influence on personnel policies and their application.
 - (d) The same 'core' of activities will be examined in each participating department. These will be activities in connection with:
 - (i) all aspects of staff appraisal and career management including probation, annual reports, identification of training needs, appraisal and career interviews, staff development, and training in staff appraisal, selection skills and other respects of personnel management;

*The Civil Service Report of the Committee chaired by Lord Fulton, Cmnd, 3638, HMSO, 1968, 6 vols.

- (ii) promotion;
 - (iii) recruitment, trawls, postings, transfers;
 - (iv) wastage, all ways of leaving, including resignations, retirement (including both voluntary and compulsory premature retirement) and redundancy.
- (e) In addition each department will examine one or two 'selected' activities; they will be divided up so that each is covered by three or four departments if possible:
- (i) the administration and, where appropriate, the mechanisms for controlling pay, other emoluments, and all allowances and expenses; all types of leave and hours, including flexible working hours, overtime and shift working;
 - (ii) discipline, medical referral arrangements and welfare;
 - (iii) the handling of complaints and suggestions;
 - (iv) the management of accommodation, office security and health and safety.
- (f) Examining Officers will not be rigidly bound by these options and may follow up points which lead beyond them after the appropriate consultation. Moreover, departments may specifically wish or trade union sides may suggest other aspects of personnel work to be included in their study. The following will be excluded, however, to keep the scope of the review within manageable bounds:
- (i) resourcing and audit activities such as complementing, staff inspection and work measurement;
 - (ii) management services units;
 - (iii) training except in staff appraisal, selection skills and other aspects of personnel management;
 - (iv) industrial relations procedures.

5 *Questions to be considered*

The underlying aim of personnel work is both to maintain and improve the efficiency, economy and effectiveness with which departments work and to ensure that full use can be made of the talents of the staff. The review would be expected to consider in relation to that aim:

- (a) What functions and activities are undertaken by whom? For what purpose? How much do they cost? What value do they add? And what would be the consequences of the work not being done?
- (b) How well do these functions support line management in carrying out the work of the department?
- (c) How well do they enable and encourage staff to perform well and achieve their full potential?
- (d) Do they meet the obligations expected from a good employer eg. in ensuring fair treatment and could they do so more efficiently or economically?
- (e) Has the right balance been achieved between the needs of the department and of individuals?
- (f) Are all the functions carried out necessary? Are any not carried out which should be? Why?
- (g) What shortcomings are there, such as unnecessarily restrictive rules, inadequate resources, excessive formal reporting? Are departmental personnel policies and instructions sufficiently flexible?
- (h) What is the minimum amount of personnel information that it is necessary to hold? Is the information presently held too scant or too elaborate; is it in an appropriate form and is it sufficiently accessible and relevant to the needs of personnel and line managers? What use is made of it?

- (i) What control is there from the centre of the department of delegated personnel responsibilities? Is it effective and economical? Is the organisation at the centre of the department for handling personnel work effective and economical?
- (j) Is there overlap or duplication of responsibilities or activities? Are line and personnel managers clear about their respective responsibilities?
- (k) What is the most appropriate distribution of authority for personnel work in the department? Does the line manager have enough responsibility and delegated authority? Is responsibility too fragmented? Is the individual line manager adequately equipped to carry out his personnel role and is he able, for example, to ensure equity and fairness of treatment? To what extent have line managers individually or as a group to live with the consequences of their role as managers of people?
- (l) Is there too much inflexibility as a result of Service-wide determination of personnel procedures? Would departments and staff benefit from greater delegation with fewer rules laid down by the centre?
- (m) What would be the implications of greater delegation for line managers themselves and for equity and consistency of treatment?

6 *Timing*

The timing and duration of field-work will vary between the participating departments according to their size and individual circumstances. These matters will therefore need to be agreed with the central team. The general aim is for all the studies to have started by June and for them to be completed by the end of 1982.

7 *Conduct of the review*

The review, with which Sir Derek Rayner is associated, will be conducted on scrutiny lines with the emphasis on direct observation and radical questioning and discussion with staff at all levels. Each department will propose one or more examining officers who will report to a designated departmental Minister for appropriate decisions. The review under the direction of Mr John Cassels (2nd Permanent Secretary, MPO) will be co-ordinated by an MPO central team comprising Mr I B Beesley, Mr N B J Gurney, Ms K Higgs (DHSS) and Ms S L Scales. A senior line manager from one of the participating departments will be associated with the team, which will also seek advice from personnel management experts outside the Service. The team will provide examining officers with any necessary advice and assistance, as available in designing and carrying out the work. They will also work with examining officers to examine those issues and recommendations arising from the departmental studies which affect national policies, rules and agreements. Mr Cassels will report to the Lord Privy Seal and the Prime Minister on the review as a whole and on the Service-wide issues which arises.

8 *Consultation with the unions*

- (a) Evidence and views from the unions at national or departmental level will be welcome. The MPO has informed the CCSU of the review and consultations are taking place. Participating departments are now asked to consult their trade union sides.
- (b) During the review, the CCSU intend to stay in close touch with the central team and have nominated a national liaison officer (Ms Judy McKnight) for this purpose.
- (c) Departmental unions should have the opportunity of discussion with the relevant examining officers throughout the review. Examining officers should recognise that the trade unions have a particularly strong interest in the review and therefore in being kept informed of developments and of the likely findings and recommendations. Departmental trade unions may wish to nominate a liaison officer to stay in touch with examining officers.

- (d) After submission of the draft report to the relevant departmental Minister, departments will arrange for the trade unions to have an early opportunity to express views on the proposals under consideration by the Minister and his department before an action document is prepared. Discussion will normally take place through the usual machinery for management/union side consultation.

Management and Personnel Office
7 May 1982

Annex B

Numbers Of Non-Industrial Civil Servants in Departments Participating in the Review; in MOD; and in the Civil Service as a whole

Home Civil Service	a Total Non-Industrial Staff		b Administration Group	c P & T Group	d Science Group	Others (a-b+c+d)
	% of CS					
MAFF	11500	2	4500	650	1900	4500
C & E	26200	5	23000	—	—	3200
DE Group	57200	11	48000	150	350	8700
DHSS	95300	18	82500 ¹	400	100	12300
HO	12700 ³	2	5900	500	600	5700
IR	74000	14	46500 ²	—	—	27500
LCD	9900	2	6200	—	—	3700
PSA	16300	3	5000	9200	—	2100
SO	8700 ⁴	2	4100	500	300	3800
Total for RPW Depts	311800	60	225600 (73%)	11500 (31%)	3200 (20%)	71500 (44%)
MOD – Largest Dept not in Review	108100	21	36900 (12%)	23300 (63%)	9600 (60%)	38200 (24%)
Total for Civil Service	521700	100	308100	36800	16000	160800

1. Includes approx 48,500 DHSS Local Officer 1 and 2 Staff.
2. Includes approx 25,500 Inland Revenue Tax Officer and Tax Officer Higher Grade Staff.
3. Excludes approx 18,300 HO Staff in specialist Prison grades.
4. Excludes Departmental grades in Scottish prison service and State Hospital, Carstairs.

Source: HM Treasury departmental returns

Annex C

Members of the Central and Departmental Review Teams (Full and Part Time)

Central Team, Management and Personnel Office

Mr I B Beesley, Rayner Unit
Mr N B J Gurney, MPO
Ms K Higgs, on loan to MPO from DHSS
Ms S Scales, MPO
Ms M Shroff, on loan to MPO from the
New Zealand Civil Service
Mr J R Wattle, MPO

MAFF Review Team

Mr A Slater
Mr J T Ashdown
Mrs S A Stagg

HM Customs and Excise Review Team

Mr M Peach
Mr A L Hanson
Mr B E Butcher

Department of Employment Group Review Team

Ms K M Jenkins
Mr N C Wilson
Mr J D Roberts

Department of Health and Social Security Team

Miss R D B Pease
Mr B Heaney
Mr W Brazel
Mr G Lowe
Mr T Matthews
Mr B Slater

Home Office Review Team

Mr G P Pratt
Mr D L Cole
Miss S G Kippax
Mr K Milner, MPO #

Inland Revenue Review Team

Mr E McGivern
Mr D K Park
Mr C D E Sarson

Lord Chancellor's Department Review Team

Mr W Arnold
Ms C A Artindale
Mr K Milner, MPO #

Property Services Agency Review Team

Miss P Lutgen
Mr C Newey
Mr J Aitchison
Mr A Wells
Mr D Clegg, MPO *

Scottish Office Review Team

Mr J Glendinning
Mr G M B Redpath
Mr R J Walker

Study of management of accommodation only.

* Study of the administration of pay, leave and hours only.

Council of Civil Service Unions – Note on Personnel Management Review

Introduction

- 1 The development of individuals and their careers is crucial to the overall efficiency of any organisation. In a labour intensive industry such as the Civil Service, effective personnel management policies and practices are of particular importance to its operation and the efficient running of Government services.

In submitting this note in the context of the Personnel Management Review, the Council of Civil Service Unions (CCSU) therefore wishes to emphasise the importance it attaches to personnel management and the arrangements necessary to make it effective. This is the third note that the CCSU has submitted to the Management & Personnel Office (MPO) in the course of this Review. The first paper, issued in July 1982, outlined the CCSU's basic evidence for consideration by the MPO and Review Teams; the second paper submitted in February 1983, commented on the findings of the nine Departmental Review Teams, as summarised by the MPO.

In this paper the CCSU wishes to explain its concern at the way the Review Teams have approached the question of Personnel Management policies and structures. It appears that the Review has been influenced primarily by consideration of what changes should be made to personnel management to bring it into line with the current management style emanating from the current efficiency reviews, rather than seeking to establish the most effective arrangements and policies necessary for the promotion of good personnel management. As a result, it appears to us that the Review Teams have concentrated on proposals for delegation, and in particular on ways of providing line management with maximum flexibility with minimum constraints.

The CCSU's major criticism of the approach of the Review Teams is that they saw personnel management as a burden to be lightened rather than an investment for the future. If proposals for delegation are implemented, personnel management will be seen by line managers as an even greater burden and will be accorded a low priority. This will not only lead to a serious deterioration in personnel management, but will ultimately prove incompatible with the efficiency of the Civil Service.

Role of the Management & Personnel Office

- 2 The CCSU considers that the MPO has a vital role to play in personnel work for the Civil Service as a whole. Efficient personnel management means ensuring the supply and development of the talent the Service needs, and ensuring its deployment to the greatest possible effect. Although departments share a responsibility in this process, it is for the MPO to plan and assist departments in their task, and to establish the basic standards and principles to which departments work.

The CCSU recognises the need for each department to have personnel management systems which meet its needs. Departments are not totally autonomous, however, and form part of the Civil Service as a whole. Departments are frequently created, merged or abolished, by political decisions. Significant examples have been MOD, DHSS, DOE and DIT. In all these major reorganisations, a greater uniformity of personnel management policies, would have made for more efficiency and a smoother transition.

Civil servants – in particular mobile civil servants – form a pool of labour available for deployment as required by the needs of the Service wherever necessary. Departments are *not*, therefore, independent businesses; they and their staff form part of a unified career Civil Service. It is in the interest of all concerned that such is recognised to be the case.

In the course of the Personnel Management Review, the MPO has expressed the view that departments need greater autonomy on personnel issues, and has stated that it sees the role of MPO as being mainly one of providing broad guidance, supported by 'audit'. CCSU considers this to be a less positive role than is necessary for ensuring effective personnel management across the Civil Service.

Even taking the auditing function alone, to develop this effectively, would require the MPO having a wider range of powers and resources. It would be crucial for the MPO and departments to work to a set of standards and principles agreed centrally.

The CCSU considers it essential that central guidelines should continue to be laid down through framework agreements. These agreements have not been straitjackets on individual departments but frameworks within which to establish the most effective personnel arrangements for the department.

An example of a current framework agreement is the Promotion in the Administration Group Agreement. This agreement sets out methods of selection, minimum seniority fields, and minimum levels on rank of membership of promotion boards. It is nevertheless very much for departments to negotiate on the exact fields/levels of board membership – subject to the centrally agreed minimum standards.

Another example is the framework agreement on training which flowed from the four reports published in the early 1970s by the Joint Working Party on Training.

Other areas where central guidance has provided a useful basis for departments are in staff appraisal arrangements including the introduction of Job Appraisal Reviews and career development interviews, common annual confidential reports and disclosure of information from these reports.

The CCSU is strongly of the view that there is a continuing role for such framework agreements, which exemplify the positive role that the MPO should continue to have in ensuring good standards and the application of agreed principles across the Service.

Personnel management within departments

- 3 Within departments CCSU considers that personnel divisions also have a key role to play in ensuring that personnel management is undertaken in a positive way. This includes the development of individuals and their careers and the maintenance of proper standards.

The importance CCSU attaches to personnel divisions does not detract from the significant role that line managers have also in personnel work.

Indeed it is line managers who have a responsibility for day-to-day personnel management of their staff. This work includes the supervision of probation, annual reporting, the entire staff appraisal processes, the establishment of training needs and recommendations on postings to develop wider experience. It is important that all these functions are carried out in line with good practice established through national/departmental framework agreements.

There are, however, limits within which we believe line managers can operate personnel management functions and CCSU sees major dangers to the effectiveness of personnel management if these limits are exceeded. The factors which concern us particularly are:

(a) Resources and priorities

The CCSU considers insufficient resources are provided already to undertake properly current personnel management policies. One example is career development, where due to lack of resources, very few departments have ever been able to introduce the agreed scheme of planned regular career interviews. The main concern which CCSU sees in overdelegating personnel management

work to line management, particularly in the current climate of inadequate resources and pressures on output and targets (in the context of the Financial Management Initiative) is that personnel management will be accorded a low priority and frequently set aside completely. Pressure on resources will prevent proper time and effort being given to regular staff appraisal and career development resulting in individuals being denied fair treatment.

(b) *Personnel management: investment or burden?*

Delegation of personnel work to line management can also result in it being seen as a burden rather than as an investment for the Civil Service as a whole. Procedures negotiated in the interests of individuals and with a view to the Civil Service benefiting from the realisation of individuals' full potential, can appear as unnecessary bureaucracy to the line manager. For example, career development may suffer as a result of not being the first priority of an over-worked line manager.

Without adequate procedures and arrangements committed to working to long-term objectives in personnel management, functions such as career development could be put aside.

The proposal that annual reports should be completed only on job performance, together with downgrading of job appraisal reviews to the reporting officer, causes CCSU much concern. They support the impression gained during the review that personnel management has been treated as a burden to be lightened rather than as an investment for the future.

(c) *Fair and open procedures*

The Civil Service, accountable as it is through Parliament to the public, is required to have fair and open procedures. This means that in recruitment, probation, promotion or dealing with inefficiency, procedures should preclude any accusations of discrimination or nepotism. Delegation should not, therefore, be taken to the point where the fairness and openness of procedures were in doubt.

(d) *Training and expertise*

Personnel Management is not a management function which can be delegated lightly to line management without due consideration to the training and expertise involved. Career development again is an example of an area where a great deal of detailed knowledge about career profiles is required, and line managers could not all be expected to have the necessary experience and training to offer relevant career development advice.

Conclusion

4. The CCSU has attempted to highlight in this paper, our concern about the damage which we think will accrue to agreed and established personnel practices in the interest of achieving flexibility and delegation. There is no doubt that in an organisation the size of the Civil Service flexibility and delegation is necessary but it should not be taken to the extent that it damages the overall objectives of personnel management.

CCSU believes that the style of personnel management should be one based on the principle of a career Civil Service; a principle which recognises the need to achieve the best performances from individuals and to develop their careers to the maximum, recognising such policies to be beneficial to both the individual and the public service.

The CCSU considers that to move away from this principle and not to recognise the necessary role for personnel management arrangements and policies would be to the detriment of individual members of the Civil Service, as well as to the overall standards of personnel management. We further consider that a deterioration in the standards of personnel management would undermine seriously the efficiency of the Civil Service, and thereby the efficient running of Government services.

The Cost of Personnel Work

The cost of personnel work for the three largest departments included in the review is summarised in Table 1. Together these departments represent 73% of the staff covered in the review and 43% of the total non-industrial Home Civil Service.

The definition of personnel work is based on the Study Plan for the Review of Personnel Work (Annex A) and includes all the aspects of personnel work described as 'core' activities. It does not include industrial relations, manpower planning or the administration of pay. On this basis the cost of personnel work carried out by full time personnel staff represents 1-2% of total departmental running costs. If account is also taken of line management time and the cost of household removals, the total is 2-3½% of total departmental running costs.

On the same basis, the cost of personnel work for the nine departments in the review taken together is between £40m and £80m (personnel staff only) and between £80m and £140m if line management time and household removals are also included.

Taking the Civil Service as a whole, the cost of personnel work is between £100m and £200m (personnel staff only) and between £200m and £350m if line management time and household removals are also included.

Annex E

Table 1

Figures in £1000's

	Inland Revenue	DHSS	Department of Employment Group
1. <i>Personnel Staff Costs</i> Basic Staff Costs plus accommodation and Office Services	6867	9157	13100
2. <i>Line Management Costs</i> Basic Staff Costs	7605	13120 (See note 5)	3520
3. <i>Household Removals</i>	6384	1813	5759
Total 1 + 2 + 3	20856	24090	22379
Total Running Costs	791684	1248889	643496
Personnel Work as a Percentage of Running Costs	2.63%	1.93%	3.4%
Personnel Staff Costs as a Percentage of Running Costs	0.86%	0.73%	2.0%

1. Personnel staff costs drawn from Departmental RPW Reports and adjusted to reflect basic staff cost plus accommodation and common services.
2. Line management costs drawn from Departmental RPW Reports and adjusted to reflect basic staff costs.
3. Household removal figures from 1981/82 outturn.
4. Running costs figures from 1981/82 outturn which include notional running costs.
5. DHSS line management costs exclude Executive Office Grade managers, senior managers (Senior Principal and above) and specialists.

Non Industrial Home Civil Service Numbers by Main Groups and Grades

(Full time equivalents)

	Open Structure Level (US and above)	Assistant Secretary and grades between AS and US	Principal and Senior Principal	EO to SEO	CO and below	Total
Administration Group (including DHSS Departmental Grades and Inland Revenue Tax Officers and Tax Officer Higher Grades)		1100	4800	100100	202100	308100
Science group and related grades		900	2300	10100	2600	16000
P & T group and related grades		750	2300	33600	150	36800
Other groups and grades (inc. Statisticians, Economists, IR Valuers, IR Tax Inspectors, Lawyers etc.)		2000	8100	60600	89400	160100
Total	727	4800	17500	204400	294300	521700

Notes

1. HM Treasury departmental returns.
2. Source: Mandate.
3. Part-timers are counted as half units.
4. Open Structure levels are not allocated to a group but counted in the 'total' column.
5. Figures do not tally precisely due to rounding.

Groups and Classes in the Non-Industrial Home Civil Service with more than 4,000 Members

	% of NIHCS
Administration Group	44.7
Social Security Category/Group	9.2
Professional and Technology Category and related grades	7.5
Inland Revenue Taxation Grades	6.1
Secretarial Category/Group	5.1
Prison Officers and Governors	3.2
Science Category/Group and related grades	3.1
Messengers, Office Keepers and Paper Keepers	2.0
Data Processing Category/Group	1.6
Inland Revenue Collection Service	1.5
Training Category/Instructional Officer Group	1.1
Inland Revenue Valuation Service	0.9
Research Officer Category	0.8

Source: Table 4, Civil Service Statistics 1982, HMSO, 1982

Comparison with Personnel Work Outside the Civil Service

1. In conducting the review, it was considered essential to include an examination of outside practice to compare the personnel policies and procedures followed in other organisations with those adopted in the Civil Service and to see what general lessons could be drawn.
2. The central and departmental teams undertook a programme of outside visits which provided a valuable insight into external personnel practices. They spent a day at the Institute of Personnel Management (IPM) to learn about general private sector experience and followed this up with detailed discussions with six organisations:

Barclays Bank PLC
 Cadbury-Schweppes PLC
 Ford Motor Company UK Ltd
 IBM (UK) Ltd
 Standard Telephones and Cables PLC
 The London Borough of Lambeth

These organisations employ substantial numbers of 'white collar' staff who are similar in many respects to those to be found in the Civil Service. Like the Civil Service, the five companies¹ visited describe themselves as 'career organisations' which follow a conscious policy of promoting from within wherever possible. This is not the case with the London Borough which advertises all its vacancies publicly but generally expects to recruit from the local authority field.

The responsibility for personnel work

3. Perhaps the most significant difference between the Civil Service and the outside organisations visited is the much greater emphasis in the latter on the *primary role of line management in personnel decisions*. Personnel management is seen as an integral and essential part of the manager's responsibilities and his performance in this area forms an important part of the assessment made of him. It is typically the line manager who has ultimate authority over the appointments within his command whether on recruitment, transfer or promotion. Line management, which may mean either the immediate superior or a higher level in the line management hierarchy, is responsible for the appraisal and development of staff and, in most cases, takes the final decision to dismiss an unsatisfactory employee on disciplinary or inefficiency grounds. *The role of personnel staff is principally to provide specialist support, advice, training, and some central services* (where it is cost effective to do so to assist line managers in their staff management responsibilities) and *to monitor and ensure compliance with company-wide personnel policies and procedures*.
4. A further important difference is that *it is the individual employee who has the primary role in developing his career*, for example by applying for moves or promotions and by choosing how far he wishes to specialise or to aim for breadth of experience. In this *the employee can also seek advice from the personnel department*. Therefore much of the driving force behind the personnel activities comes from line managers in pursuit of the operational targets of the company and from employees in pursuit of their career objectives and targets. The role of personnel is in both cases to facilitate the achievement of these objectives. An important exception to these arrangements is the procedure governing the small number of outstandingly able staff – the future senior managers – whose recruitment, development and promotion tend to be handled by the central personnel function of the company.

¹ References to 'the companies visited' are used where the comment is appropriate to the five commercial companies visited but not to the Local Authority.

Other major differences

5. Four other major differences have important implications for how personnel work is conducted in the organisations visited:
 - (i) each of the companies operates a system of merit pay for the majority of their staff in which the annual assessment of performance is an important determinant of the size of annual salary increases;
 - (ii) appointments are made to a specific job rather than to a grade. In consequence, employees tend to pursue careers in more specialised areas, often following established career profiles. There is little call for the all rounder or 'generalist', except perhaps in the grooming of future top managers;
 - (iii) companies appear to be more prepared to 'spend' their way out of problems, as illustrated by often generous relocation expenses and severance packages offered to allow certain staff to leave without loss of dignity for structural or efficiency reasons;
 - (iv) the personnel function is perceived as a specialism in its own right. This means that personnel staffs tend to spend the bulk of their careers within the function and many have professional qualifications.

Personnel procedures

6. *Recruitment* is aimed at filling identified vacancies, with the line manager participating in and usually determining the selection. It is then for the line manager to develop the recruit he has selected and bring him up to an acceptable standard. Actual recruitment procedures vary considerably according to the nature of the appointment. Generally, the personnel service organises the advertisement of posts and initial sifting of candidates on behalf of line management. The emphasis is on recruiting a suitable candidate quickly and at an acceptable cost; no primacy is accorded to the principle of fair and open competition.
7. *Formal probation procedures do not exist* (except in one case where new staff are on probation for six months) in the companies visited. Most companies feel that the provisions of existing employment legislation, which allow them to dismiss employees with less than 52 weeks' continuous service without the employee having recourse to an Industrial Tribunal, are quite sufficient for the very few cases where early dismissal is necessary. Nevertheless, they emphasise the importance of giving special attention to monitoring and developing new recruits by means of more frequent appraisal in the first year of employment. This is in line with the arrangement favoured by the IPM, who place more importance on the positive development of new recruits than what they see as the negative and threatening emphasis of formal probation.
8. *The companies visited all use annual staff appraisal systems*, which focus principally on assessing performance in the current job in many cases related to targets and objectives set annually in advance. Thus the system places considerably more emphasis on the assessment of performance than on that of promotability. The appraisal forms vary considerably between firms and between levels within firms. But all those examined are much simpler and shorter than the 8 pages commonly used in the Civil Service, and concentrate more on job-related qualities than the more personality-based traits used in the Civil Service system. The procedure is generally fully 'open', allowing the employee to see and comment on what is written about him. Consequently the report then forms the basis of an appraisal interview, between the employee and the immediate line manager, again focussed primarily on improving performance in the current job and eliminating the need for an additional job appraisal procedure. These reports are often retained by both the line manager and the individual member of staff. More generally, the IPM advise that similar performance appraisal systems are becoming more widespread in the private sector and in other parts of the public sector and that, in particular, the move towards complete openness has been gathering pace in recent years. Assessments of potential, to which considerable importance is attached in some of the organisations visited, are not generally open.

9. *Transfers and promotions* depend on line managers taking the initiative to fill vacancies in their command and on employees pursuing their career goals by applying for these vacancies. The personnel service, though involved to a major extent in the organisation of the selection process, does not in general have responsibility either for filling posts or for career development except in a small number of special cases. These may include the grooming of fliers for top jobs or the development of a small fast stream graduate entry. They will nevertheless use their influence and give advice both to line managers and staff. Thus line managers cannot have forced upon them staff whom they are unwilling to take and, similarly, employees cannot be posted into jobs which they do not choose. This has important consequences in terms of line management's accountability for their staff management responsibilities and also for the morale and motivation of staff. On the other hand, the system has some drawbacks. One problem specifically raised is that of the 'ownership' of posts: unless personnel managers retain and exercise some exceptional powers of direction, it can become extremely difficult to move someone who does not wish to move unless his performance becomes positively unsatisfactory. Yet the post may benefit from fresh blood or be needed to widen the experience of other staff.
10. *Dealing with the inefficient* is regarded, as in the Civil Service, as a difficult and sensitive process in view of its seriousness and one which requires meticulous attention to detail and fairness. In general, responsibility rests with line managers to take action as soon as a member of staff shows evidence of inefficiency. In this area the personnel section typically becomes closely involved in advising the line manager on procedural and other matters. The first approach is to seek to restore the individual to satisfactory performance. In the very small number of cases where dismissal was carried out, the procedures were broadly similar to those followed in the Civil Service. But they are completed considerably more quickly, typically within about six months and up to 12 months in more difficult cases. To prolong the process is regarded as contrary to the interests of both the employer and the individuals concerned. The decision to dismiss follows close consultation between line and personnel management but for the most part the final decision rests with line management. Dismissal decisions carried out in this way are very rarely overturned on appeal to Industrial Tribunals.

Resources committed to personnel work

11. It is impossible to draw any firm conclusions about the resources committed to personnel work among these outside employers. The combined effects of differences in the definition of personnel work, the organisation, structure and size of companies, the nature of the business (manufacturing/service), the philosophy of the employers, the extent of geographical dispersion, the diversity of activities and many other such factors render almost meaningless any comparisons of such figures between organisations. The IPM strongly endorse this view and advise against basing any conclusions on such figures.

Conclusion

12. Although the visits to outside organisations were not intended to constitute a comprehensive survey of personnel practice, the results which emerged have proved to be largely consistent with the views of others about private practice generally. In particular, a survey of staff appraisal schemes* conducted by Dr James Walker of the MPO Personnel Research Branch has produced very similar findings about staff appraisal, and the Institute of Personnel Management and the Institute of Manpower Studies have both agreed that the findings are largely in tune with their own observations of developments in the personnel field.

*Available from the Central Management Library, Management and Personnel Office.

NAME OF DEPARTMENT

Form No

STAFF IN CONFIDENCE

IT WILL BE NECESSARY
TO PHOTOCOPY THIS REPORTPLEASE COMPLETE IN
BLACK INK

Staff Report (A)

1. Facts

Name
Surname ForenamesMr
Mrs
Miss

Date of Birth

Period of Report From To

Substantive grade

Date entered substantive grade

Grade (other than substantive grade) held during period of report,
indicate the proportion (to the nearest month) of the period spent in that grade
.....

Date started present job

Academic, professional or technical qualifications
(underline any obtained during period of report)Training courses attended during the period of report
(to be completed by the person reported on)

2. Present Job

Job Title (if any)

(a) Job Description

(Set out, broadly in order of importance, the main duties performed during the period of the report; distinguish those of a continuous nature from particular projects and indicate where possible the approximate percentage of total time spent on each duty.)

Percentage
total time

Do you and the person reported on agree the job description and the order of importance?

YES/NO*

(If not, please discuss the changes with him/her and record any unresolved difference here.)

Delete whichever is not applicable.

(b) **Assessment of Performance**

How effective is he/she in duties set out in 2(a)?

(What is needed here is your view of how far he/she has achieved the required results. Comment on any particularly strong or weak points.)

Indicate overall performance of these duties by ticking the appropriate box below.
(This assessment should reflect the performance actually achieved in the circumstances which prevailed. It should not make allowance for any special factors such as age, inexperience, ill-health and unusually high turnover of staff; they should be stated below the assessment.)

Outstanding	Exceptionally effective	☐ 1
Very Good	More than generally effective but not positively outstanding	☐ 2
Good	Generally effective	☐ 3
Fair	Performs duties moderately well	☐ 4
Not quite adequate	Definite weaknesses make him/her not quite good enough to "get by"	☐ 5 †
Unsatisfactory	Definitely not up to the duties	☐ 6 †

Indicate below any special factors which may have affected performance.

† See Section 9.

3. Aspects of Performance

In assessing performance you have already considered some or all of the following aspects; would you now comment on and assess the aspects separately. As well as completing the rating scale, you should make full use of the spaces for comment where this will help complete the picture. Where an aspect has not been tested, or is irrelevant in the post, no rating is necessary, but comment if you wish.

Please specify any aspects which are of particular importance in the job.

Comments		A	B	C	D	E	F
(a) Foresight	Anticipates problems and develops solutions in advance						Handles problems only after they arise
(b) Penetration	Gets straight to the roots of a problem						Seldom sees below the surface of a problem
(c) Judgement	His/her proposals or decisions are consistently sound						Poor perception of relative merits or feasibility in most situations
(d) Ability to produce constructive ideas	Full of ideas, which provide fresh insight and broader perspectives						Few ideas; does not innovate
(e) Expression on paper	Always accurate, clear and well set out						Clumsy and obscure
(f) Oral Expression	Puts his/her points across convincingly and concisely						Ineffective
(g) Numerical ability (<i>if applicable</i>)	Handles and interprets figures with particular ease, accuracy and understanding						Not at home with figures
(h) Relations with others (<i>Departments may, if they wish, subdivide as between 'Relations with colleagues' and 'Relations with the Public'.</i>)	Sensitive to other people's feelings; tactful understanding of personal problems; earns great respect						Ignores or belittles other people's feelings; brusque; intolerant and does not earn respect

		A	B	C	D	E	F
(i) Acceptance of Responsibility	Seeks and accepts responsibility at all times						Reluctant to take on responsibility, will avoid it whenever possible
(k) Use of Staff and other Resources (if applicable)	Organises and uses staff and other resources effectively and with proper regard for economy						Uses staff and other resources wastefully, disorganised; or an empire builder
(l) Management of Staff (if applicable)	In organising work inspires staff to give of their best; pays proper regard to the needs of the individual in the job						Unimaginative in dealing with staff, engenders low morale
(m) Reliability under Pressure	Unflustered, competent and reliable at all times						Easily thrown off balance; not reliable even with normal pressures
(n) Drive and Determination	Wholehearted application to tasks; determined to carry a task through to the end						Lacks energy; easily baulked by minor setbacks or opposition; wastes time
*(o) Professional/technical knowledge (if applicable)	Very well equipped with appropriate breadth of up-to-date knowledge						Displays serious gaps, weaknesses or limitations in knowledge
*(p) Application of professional/technical knowledge (if applicable)	Highly proficient in the practical application of professional/technical knowledge						Does not apply professional/technical knowledge to good practical effect
*(q) Application of professional/technical skills (if applicable)	Particularly competent in the exercise of relevant skills						Inept at applying relevant skills
(r)							

Departments may omit if they wish

4. Training Needs

(Entries in this section should relate only to training additional to that normally provided for the present job and should take account of any views expressed by the person reported on)

- (a) Having regard to the assessments made earlier in the report, do you consider that performance or potential could be improved by training? If 'Yes', please specify the precise needs and, if possible, suggest ways in which those needs might be met, including additional on-the-job training.

- (b) Have you taken action to implement your recommendation? YES NO*
(eg arranged for additional on-the-job training; consulted training officer, nominated for appropriate courses).

If not, what action will you take?

5. Next Job At The Same Level

(In completing this section you should take account of any views expressed by the person reported on)

Should he/she be considered during the next year for

- (a) A different job in the same grade

YES NO*

- (b) Transfer to a job at a similar level in another occupational group or class

YES NO*

If you have answered YES to either question, say which kind of job and give your reasons below

6. Promotability

- (a) Normal Promotion
He/she is

Well fitted (Now has the ability to do the work of the next grade more than competently and, in time, should perform very well.)

Fitted (Now has the ability to do the work of the next grade competently.)

Not fitted (At present lacks either (a) the ability or (b) the experience to do the work of the next grade.)

for promotion to

☐ 1

.....
(grade)

☐ 2

☐ 3

Please comment on your recommendation

*Delete whichever is not applicable

(b) Special Promotion (i.e. grade skipping or promotion into another occupational group or class, or selection for training grades.)

He/she should be specifically considered for promotion to.....
(grade)

Give the reasons for your recommendation:

7. Long term potential

At present, he/she seems

unlikely to progress further

☐ 1

or to have potential to rise one
grade to but probably
no further

☐ 2

or to have higher potential

☐ 3

or to have exceptional potential

☐ 4

8. General Remarks

Please give a short and vivid pen-picture but avoid unnecessary repetition of earlier sections of the Report.

He/she has served under me for the past years

Signature Grade Date

Name in block letters

9. Countersigning Officer's Report

You should confirm that you agree with the reporting officer's assessment, or indicate in the foregoing sections any disagreements which may remain after discussing them with him/her. You should also indicate how frequently you have seen the work of the person reported on. Add any further relevant comment, including whether any of the assessments in the report have been brought to the attention of the person reported on. He/she must be informed orally or in writing of a Box 5 marking in Section 2(b), and in writing of a Box 6 marking. See "Notes for Guidance".

If the officer has been assessed "Fitted" or "Well Fitted" for promotion, would you be prepared to accept him/her in the higher grade? YES/NO*
If not please give your reasons.

He/she has served under me for the past years

Signature Grade Date

Name in block letters.....

**Delete whichever is not applicable*

Annex H2

Illustration Of A Report Form In Line With The Recommendations In Chapter 5

NAME OF DEPARTMENT

To be completed by reporting officer

STAFF REPORT (A)

STAFF IN CONFIDENCE

PLEASE COMPLETE IN BLACK INK

1. Facts

Mr*

Mrs

Name Miss
(Surname) (Forenames) Ms

Date of Birth Period of report From To

Grade Date entered grade

Date entered present job

[OTHER DATA eg training courses, job history, qualifications, Home Address, subject to departmental needs]

2. Description of work done Job Title

Normally completed by:

Job Holder

a. Main tasks

Rough % of time
spent on each

b. Targets agreed with the Reporting Officer (refer to targets agreed at the beginning of the period and any adjustments made during the year)

c. Responsibility for resources

1. Total number of staff for whom you are responsible:

2. Indication of other responsibilities for expenditure

*Delete as necessary

3. Performance assessment

How effective has he/she been in meeting the targets and carrying out the tasks?
 Comment on strengths and weaknesses.

Output and Skills	Outstanding			Unsatisfactory	
	1	2	3	4	5
Quality of Work					
Quantity of Work					
Organisation of Work					
Management of staff					
Effective use of other resources					
Communication oral					
written					

Overall performance

Consistently outstanding

1 ☐

Frequently exceeds performance requirements

2 ☐

Fully acceptable; meets normal performance requirements

3 ☐

Reasonable, but some improvement desirable

4 ☐

Unsatisfactory

5 ☐

Comment on any special factors relevant to this assessment

He/she has worked for me for We have discussed and recorded
 tasks and targets for the next reporting year.

Signature Grade Date

Name in capitals

4. Countersigning officers' comments Indicate how much you see of the individual's work and how far you can confirm the comments and standards awarded.

Promotability Is he/she, in the opinion of both you and the reporting officer ready to be promoted to the next grade?

Yes/No*

Signature Grade Date

Name in capitals *Delete as necessary

-
5. Personal development, training, posting Interviewer's record of suggested action arising from the appraisal interview with the officer which will improve performance. This can include external action such as formal training, change of job etc.

-
6. Job holder's comments after appraisal interview (if any)

I have seen this report and had the opportunity to discuss it with my reporting officer.

Job Holder's signature

Part II: Supplementary Personnel Information

(Oral disclosure only at discretion of Interviewing Officer)

To be completed by reporting officer (if promotion, posting or inefficiency action is recommended). Countersigning officer to complete 8B and indicate any areas of disagreement (in which case his or her view prevails).

7. Personal qualities

Outstanding

Unsatisfactory

	1	2	3	4	5
Judgement					
Ability to produce constructive ideas					
Drive and determination					
Reliability under pressure					
Relations with others/public					
Numerical ability					
Professional/technical knowledge					
Application of knowledge/skills					

Brief pen picture

Promotion Candidates

8. Detailed assessment of potential to perform duties of next grade

A Reporting
Officer

B Countersigning
Officer

Outstanding candidate

Well fitted

Fitted

Would you accept him/her
in the higher grade

Yes/No*

Yes/No*

*Delete as
necessary

If the candidate is fitted for a limited range of duties specify.

Reporting Officer's Signature Grade Date

Countersigning
Officer's Signature Grade Date

Administration of
pay and allowances

1. In addition to examining the core personnel issues covered in the main body of this report, each departmental team was invited to select one or two further subjects from a list of topics set out in the study plan. It has generally been left to individual departments to pursue the recommendations but this Annex summarises the main findings and conclusions on the major topics covered, namely the administration of pay and allowances; travel subsistence and removal expenses; accommodation; and welfare. The work of the departmental teams will also provide a valuable contribution towards other current initiatives on these issues within MPO and HM Treasury. I have set out my own views where appropriate on how these might be pursued.
2. Four teams, Customs and Excise, DHSS, PSA and Scottish Office have examined the method of administration and control of the payment of wages and salaries to employees, including allowances, expenses arising from permanent transfer and detached duty, and travelling. The terms of reference do not include the rates of pay and allowances nor the method used to determine them.

Summary of findings

3. No major concern is expressed about the operation or the security of the machinery for administering pay and allowances. The one department (DHSS) which offers detailed costings of the administration of pay shows that this represents 1% of the total pay bill. However, because different methods of payment vary dramatically in cost, significant savings would be achieved if all payments were made by the cheapest method, namely automatic credit transfer to bank accounts. This is well illustrated in the DHSS where only 8% of the cost of pay administration goes on automatic credit transfers which deal with 87% of the staff. The department is already taking action to reduce the number of payments made by the more expensive methods, notably open or crossed payable orders and cash. Additionally departmental teams identify scope for simplification of procedures and forms (including payslips).
4. There is some pressure from departmental teams for authority over wholly departmental allowances or pay for Departmental Grades, and for those whose pay is determined by a single outside analogue, to be delegated from HM Treasury to departments, within budgets and controls laid down by the Treasury. Similarly the DHSS team calls for delegation to local level or to line managers of responsibility for authorising some payments and allowances such as overtime.

General conclusions

5. There is clearly scope for making the administration of pay and allowances cheaper and more cost effective by making greater use of the more efficient methods of payment and by the simplification of forms and procedures. Initiatives are already being made by HM Treasury and by MPO to encourage and assist departments in streamlining their machinery. For example, in August 1982, the Treasury launched a scheme under which departments may offer a £100 taxable payment to staff who agree to change from their existing method of payment to monthly payment by credit transfer.
6. Delegation of authority to determine certain wholly departmental allowances, while generally consistent with the wider concern of this report to encourage decentralisation of responsibility, raises a number of important issues which are best considered directly between HM Treasury and the departments concerned.
7. But teams have shown that there is scope for delegation within departments and ***I recommend that the responsibility for authorising work-related allowances,***

including overtime and leave, should normally lie with line management where this is not already the case. This is consistent with similar moves to strengthen line management authority under the FMI.

**Travel, subsistence
and removal
expenses**

8. The arrangements for controlling and paying travelling expenses and subsistence (T&S) and permanent removal allowances are examined by the review teams of four departments: Scottish Office, HM Customs and Excise, DHSS and PSA. The detailed levels of allowances and rules of entitlement, which are subject to negotiation and agreement with the trade unions, do not form part of the review.
9. The cost of these items is substantial: a Treasury working group estimates that expenditure on T&S in the current financial year will amount to £230m, with a further £70m on removals. However, since they represent the re-imbursement of expenses incurred in the course of official duty, they are an integral part of departmental running costs and their level reflects the level of activity and movement dictated by departmental policy and commitments. The cost of administering claims is equal to 7% of claims expenditure in one department whose level of control seems fairly typical. Several ways of achieving savings in this area are identified.

Summary of findings

10. At least two departments (Scottish Office and PSA) currently operate a 100% clerical check on claims after the certification check by line management. The PSA team suggests that a 10% random sample check plus selective checking of 'big spenders' would give adequate control and facilitate savings of between £2.30 and £3.60 per claim.
11. Claims for T&S are currently submitted weekly by officers engaged in regular travelling and payment is often by cash (eg 46% in one large PSA Regional Centre and 60% in another). Payments in cash outside the petty cash system represent a disproportionate burden on the system. Significant savings in administration costs could be achieved by batching these claims and paying them monthly by credit transfer, except for amounts small enough to be paid from petty cash.
12. T&S levels of entitlement are reviewed annually in consultation with the trade unions. The revised rates are implemented with effect from a July date but it is usual for the process to be completed some time later – in 1982 it was not until October – and arrears of the increase are paid retrospectively. This meant that in 1982 some 25% of claims had to be re-processed to pay the balance due, causing extra work and costs. The review teams suggest that savings could be achieved if future negotiations are re-scheduled to remove the need for retrospective payment.
13. The review teams also comment on the highly complicated rules governing permanent removal which cover at least seventeen main components; both transferees and their line managers need a lot of information to operate the system properly. A detailed examination of the list of separate claimable items should be made with a view to building into the general transfer grant those where the amount involved is small or there is little variation in individual cases. There is also a need for clear and up-to-date instructions to be more readily available. The Treasury working group referred to in paragraph 9 above is reviewing the rules governing permanent transfer removal with a view to introducing a simpler and more economical structure of payments.
14. The advent of the Financial Management Initiative will no doubt focus more attention on T&S and removal costs. The review teams point to the high cost of permanent removals (up to £15,000 or £17,000 per transfer into London). The PSA team recommends that the Treasury should examine transfer policies in the light of the rising cost of removals.

General conclusions

15. ME2 Division of the MPO will shortly be issuing management guidelines on the control of international travel and it is intended to follow these with guidelines on domestic travel during the course of this year. Several departments have negotiated concessions for travel arrangements covering limited areas and it is hoped to find ways of widening their scope. The object of the guidelines will be to outline the principles of good practice in containing travel costs and ensuring that due regard is paid to the need to travel in the first place. The review teams' recommendations will be taken fully into account by those responsible in ME2 for drawing up these guidelines.

Accommodation

16. Expenditure on accommodation and related services is a major item of departmental running costs. The PES provision for 1983/84 for central government departments is £861m (including local authority rates). Until this year accommodation services have been provided by the PSA as an allied service. From 1 April 1983 these costs are to be transferred to departmental votes. Departments will pay the PSA for the accommodation and services they use under a system known as Property Repayment Services (PRS).
17. Standards for the provision of accommodation services are published by PSA. They include standards for space (per official by grade), lighting, heating, ventilation, noise and furniture. The standards have been agreed by the Treasury, MPO and the Council of Civil Service Unions and are presented as a range from minimum to maximum levels of provision.
18. The LCD and the Home Office teams chose the management of accommodation as an additional activity for examination. Much of the work on this subject has been carried out by ME2 Division of MPO. Their reports are largely endorsed by the teams and are annexed to the departmental reports.
19. The review teams agree that accommodation managers have a responsibility:
to the taxpayer, to ensure that costs are reduced to the minimum consistent with efficiency;
to the staff, to ensure that they get the decent standards of accommodation and other services to which they are entitled from a good employer.
20. The circumstances in the two departments are very different but provide evidence that:
poor accommodation can have a significant impact on staff morale and efficiency;
the centrally agreed space standards allow a reasonable but not excessive measure of space for each officer;
the space standards are not being universally applied;
there is an absence of information about costs;
the management of accommodation needs to be improved.
21. The LCD team finds many cases of over-crowding and gives several examples of locations where 35-47% more space is required to achieve the minimum standards. The main cause is an increase in business and staffing within the confines of old buildings. Over-crowding results in a large number of complaints, poor staff morale and reduced working efficiency. LCD has begun an extensive programme of new building or major refurbishment, primarily to improve its court facilities, but office accommodation will also be improved for the staff concerned.
22. In the Home Office, on the other hand, there is over-provision of office space. In the one building analysed in detail during the study the space occupied is 19% over the maximum standard for the staff concerned, or sufficient to house a further 58 staff, and costing £101,450 annually. If the mid-point standard for

this building could be achieved in all the Home Office's Inner London buildings, space costing £3.15m a year would be released.

23. Accommodation Officers identify room size, the cost of partitioning and the need to locate officers in the same area as factors leading to the over provision of space. But it is clear that status, the single occupancy of rooms even at HEO level and below and a lack of control information are also contributory factors.
24. Neither department maintains records that can be used to monitor the provision of accommodation against standard. The main source of feedback to accommodation managers is staff complaints. Under the allied services system cost information is not made available to departments and the PSA exercises a control on the provision of accommodation and related items that the teams regard as somewhat arbitrary on occasions.

Teams' recommendations

25. The ME2 reports recommend a greater devolution of responsibility for accommodation matters to HQ commands and local managers. A system of cost centres is proposed for those elements over which local control can be exercised. The aims of the system are to provide line management with information on costs and encourage the efficient use of accommodation and related services. This would be wholly in line with the work of the FMI.
26. The Home Office team feels unable to endorse these proposals. It argues that accommodation, furniture, telephones etc. are essential resources over which local managers have no practical control. But the team stresses the importance of recognising that skilful management of accommodation can have a significant impact on the economic and efficient conduct of the departments' business. It recommends that Office Services work should be seen as a useful part of career development and receive its share of bright and ambitious staff.
27. Both teams accept MPO proposals for:
 - (i) long-term objectives for accommodation management agreed with the PEO;
 - (ii) annual review of those objectives;
 - (iii) improved control systems that enable management to monitor space occupied against standard.
28. The teams feel unable to assess fully complaints received about heating, lighting and ventilation and recommend that these should be investigated by PSA's technical experts.

General conclusions

29. It is not possible to say on the evidence from these two departments whether under or over-provision of office space is a general problem. This is a matter that requires further investigation. The reports do indicate the need to ensure that the agreed accommodation standards are adhered to. Over-crowding produces dissatisfaction and inefficiency while over-generous provision is seen to increase costs with no identifiable return.
30. The introduction of PRS will give departments a direct responsibility for and information about the cost of the accommodation services they use. But this is only a first step in promoting the informed management of accommodation. There is a need for the awareness of costs to be carried through to local levels and for greater responsibility to be devolved to local line management. Line managers have a direct interest in the creation of an efficient working environment and the welfare of their staff. At the same time they must be responsible for economy in their use of resources and accountable to senior management for divergence from the agreed standards. The development of such systems will support current work arising from the FMI and the review of departmental running costs.

31. ME2 Division of MPO will be reviewing accommodation management in departments during 1983/84. *I recommend that in carrying out the review ME2 Division should:*
 - (i) *explore further the problems of accommodation management reported by LCD and the Home Office;*
 - (ii) *examine the extent of over or under provision of office space in departments;*
 - (iii) *seek to extend the use of budgetary mechanisms for the control and management of accommodation and related expenditure;*
 - (iv) *establish guidelines for good practice in accommodation management for promulgation to the department managers concerned by April 1984.*

Welfare

32. Six teams examined the welfare machinery as part of the review, though these were not extensive studies. In general the service is found to be effective and well run. The key question which the teams addressed was whether the service should remain departmental, or be re-organised on regional multi-departmental lines. Two teams suggest that a pooled arrangement warrants further consideration while three specifically oppose such an arrangement. The DE team also suggests that there should be a merger of personnel advice and the welfare service.
33. Consideration was given to the possibility of a fully centralised welfare service by Establishment Officers at their 1980 Conference. It was then resisted on the grounds that a background knowledge of an individual's working environment was desirable. Nevertheless, they supported the proposition that there should be inter-departmental co-operation to reduce travel costs. Efforts continue to be made to increase inter-departmental co-operation in the light of this recommendation by Establishment Officers, and at some future date it will be appropriate to take another look at the extent to which this has succeeded, and the extent to which some other arrangement might be more appropriate and cost effective. But in the light of the teams' findings I do not think that this is something to which a high priority should be given, in relation to the other subjects covered by this review.

Recommendations

34. I recommend that:
 - (i) the responsibility for authorising work related allowances including overtime and leave should normally lie with line management where this is not already the case (paragraph 7);
 - (ii) in carrying out their review of accommodation management, ME2 Division of the MPO should:
 - (iia) explore further the problems of accommodation management reported by LCD and Home Office;
 - (iib) examine the extent of over or under provision of office space in departments;
 - (iic) seek to extend the use of budgetary mechanisms for the control and management of accommodation and related expenditure;
 - (iid) establish guidelines for good practice in accommodation management for promulgation to the departmental managers concerned by April 1984 (paragraph 31).